

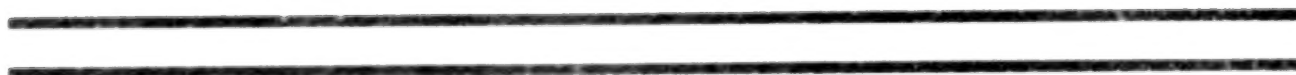
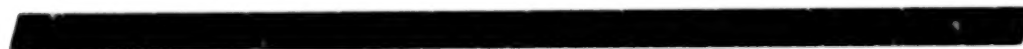


FBIS-USR-92-162

19 December 1992



CENTRAL EURASIA



FBIS Report: Central Eurasia

FBIS-USR-92-162

CONTENTS

19 December 1992

RUSSIA

POLITICAL AFFAIRS

Rebellion Scenario Analyzed [DEN No 49, 6-12 Dec]	1
Right-Wing Dictatorship Advocated [DEN No 49, 6-12 Dec]	4
Deputies Cited on Conduct of Congress [ARGUMENTY I FAKTY No 48, Dec]	5
Deputies Comment on Results of Congress [LITERATURNAYA GAZETA No 50, 9 Dec]	6
Deputy Deplores Events at Congress [LITERATURNAYA GAZETA No 50, 9 Dec]	7
Bukovskiy Remarks at Party Congress Viewed [LITERATURNAYA GAZETA No 50, 9 Dec]	8
Liberal Democrats Tied to Falsified Lists [LITERATURNAYA GAZETA No 50, 9 Dec]	9
Poptsov on Media, Political Issues [LITERATURNAYA GAZETA No 50, 9 Dec]	9
Party of Labor Official Analyzes Two Trends in Russian Society [PRAVDA 28 Nov]	15
'Free Russia' Party in Run-Up to Congress [NEZAVISIMAYA GAZETA 21 Nov]	18
Report on Left-Wing Democratic Forces' Congress [NEZAVISIMAYA GAZETA 1 Dec]	19
Proceedings at Economic Freedom Party Congress Reported [IZVESTIYA 8 Dec]	20
Officials Debate Nationalities Policy	20
Strong Center Favored [ROSSIYSKAYA GAZETA 1 Dec]	20
Center's 'Neutrality' Urged [ROSSIYSKAYA GAZETA 1 Dec]	21
Directive on Preparation for Year of Indigenous Peoples [ROSSIYSKIYE VESTI 28 Nov]	22
Decree on Changes to Decree on Amnesty [ROSSIYSKAYA GAZETA 21 Nov]	23
Edict on Presidential Certification Commission [ROSSIYSKAYA GAZETA 21 Oct]	24
Chairman of Election Commission on Changes in Election Law [ROSSIYSKAYA GAZETA 24 Nov]	25
Edict on State Oversight Service [ROSSIYSKAYA GAZETA 20 Nov]	25
Amendments to Law on Local Self-Government [ROSSIYSKIYE VESTI 28 Nov]	26
Amendments to Statute on Accountability of Administration Heads [ROSSIYSKIYE VESTI 28 Nov]	28
Decree on Social-Economic Situation in Chukotsk [ROSSIYSKIYE VESTI 28 Nov]	29
Edict on Crime Control, Protection of Public Order [ROSSIYSKIYE VESTI 15 Oct]	30
Law on Change in Penal Code Fines [ROSSIYSKAYA GAZETA 20 Nov]	32
Security Ministry Official on Corruption Investigations [NEZAVISIMAYA GAZETA 13 Nov]	34
Edict on Strengthening, Consolidating State Archive Service [ROSSIYSKAYA GAZETA 20 Nov]	34

ECONOMIC AND SOCIAL AFFAIRS

DELOVOY MIR Economic Statistics, 14 November [DELOVOY MIR 14 Nov]	35
Parliamentary Experts Score Concept of Collective Ownership [MOSCOW NEWS No 45, 8-15 Nov]	50
Sources, Functions of Foreign Currency Explored [NEW TIMES INTERNATIONAL No 44, Oct]	51
Russian Savings Bank Losing Deposits [IZVESTIYA 20 Nov]	54
State Insurance Program Reorganized As Joint-Stock Company [IZVESTIYA 20 Nov]	55
Summary of Report on 'Socioeconomic Transformation in Russia' [NEZAVISIMAYA GAZETA 28 Nov]	56
Impact of Edict on Oil Industry Privatization Viewed [ROSSIYSKIYE VESTI 8 Dec]	63
Nechayev on Creation of State-Commercial Structures [ROSSIYSKIYE VESTI 8 Dec]	63
Vasilyev on Progress of Privatization Campaign [IZVESTIYA 9 Dec]	65
Decree on Formation of Industrial Policy Council	66
Text of Decree [ROSSIYSKIYE VESTI 10 Dec]	66
Description of Industrial Policy Council [ROSSIYSKIYE VESTI 10 Dec]	67
Decree on Interim Procedure for Levying Patent Duties [ROSSIYSKIYE VESTI 10 Dec]	68

Decree on 'All-Russian Exhibition Center' Joint-Stock Company [ROSSIYSKIYE VESTI 10 Dec]	68
Committee Chairman Agafonov Interviewed on Agricultural Difficulties [SELSKAYA ZHIZN 1 Dec]	69
December Food Consumer Goods Prices Unaffordable for Many [TRUD 9 Dec]	72
Nine-Month Consumer Goods Prices Recorded [TRUD 8 Dec]	74
Chairman Of Petrochemical Industry Committee Interviewed [RIBOCHAYA TRIBUNA 8 Dec]	75
St. Petersburg Late November Food Prices [SANKT PETERBURGSKIYE VEDOMOSTI 27 Nov]	76
St. Petersburg Industries 3.25 Billion in Arrears to Railroad [NEFSKOYE UREMIE 120 Nov]	78
Edict on Accelerating Development of Continental Shelf Oil, Gas [ROSSIYSKAYA GAZETA 10 Dec]	78
Edict Implementing Edict on Privatization in Electric Power Industry [ROSSIYSKIYE VESTI 10 Dec]	79
Liberalization of Travel, Possible Labor Emigration Examined [ROSSIYSKIYE VESTI 9 Dec]	80
Government To Create Department On Problems Of Families [ROSSIYSKIYE VESTI 3 Dec]	82
Sports League Provides Cover For Training Illegal Armed Groups [TRUD 4 Dec]	82
Moscow Deputy on City Housing, Construction Changes [NEZAVISIMAYA GAZETA 3 Dec]	83
Acting Health Minister on Plans to Introduce Medical Insurance [IZVESTIYA 10 Dec]	85
Social Welfare Minister Interviewed on Assistance Program [NEFSKOYE UREMIE 25 Nov]	88
General Prosecutor Stepankov On Fight Against Crime [TRUD 5 Dec]	89
C-90-200 Aircraft Profiled [SANKT PETERBURGSKIYE VEDOMOSTI 21 Nov]	90
Hypersonic Aircraft Engine Test Successful [IZVESTIYA 11 Dec]	91
Highway Network Development Examined [GUDOK 19 Nov]	92
Poor State of Road Construction Scored [IZVESTIYA 27 Nov]	94
Railway Performance Reviewed [GUDOK 12 Nov]	95
Railway Institutes' Structuring, Priorities Viewed [GUDOK 14 Nov]	96
Rail Collegium on Personnel, Economic Issues [GUDOK 20 Nov]	99
Railway Coal Deliveries Highlighted [GUDOK 20 Nov]	102
Passenger Railcar Development Program Outlined [GUDOK 24 Nov]	103

REGIONAL AFFAIRS

Conference on 'Federation Treaty, Interethnic Integration' Analyzed [ROSSIYSKAYA GAZETA 25 Nov]	105
Cossacks Call for Unity [NEZAVISIMAYA GAZETA 1 Dec]	106
Implications of Yeltsin Decree on Cossacks Analyzed [NEZAVISIMAYA GAZETA 20 Nov]	107
Commentary on Yeltsin's Removal of Krasnodarsk Admin Chief [ROSSIYSKIYE VESTI 28 Nov]	108
Kostroma Oblast Declares Unregistered RF Citizens Foreigners [IZVESTIYA 5 Dec]	108
Demands by Labor Movement in Urals Made [SOVETSKAYA ROSSIYA 1 Dec]	108
Regional RCWP Names Demands [SOVETSKAYA ROSSIYA 26 Nov]	109
Moscow Voters Protest Deputy's Unfilled Campaign Program [SOVETSKAYA ROSSIYA 24 Nov]	109
Interregional Deputies' Conference Held in Moscow [NEZAVISIMAYA GAZETA 24 Nov]	110
Moscow Soviet Budget, Finance Commission Chairman Plokhin Interviewed [NEZAVISIMAYA GAZETA 2 Dec]	110
Dairy Product Prices Surge in Moscow [KURANTY 21 Nov]	111
Moscow Metro Cost Increase Expected [KURANTY 21 Nov]	111
Moscow City Hall Statement on Housing Privatization [MOSKOVSKAYA PRAVDA 18 Nov]	111
Militia Major General Komissarov on Moscow Crime [NEZAVISIMAYA GAZETA 1 Dec]	111
New St. Petersburg Security Chief Interviewed [SANKT PETERBURGSKIYE VEDOMOSTI 11 Nov]	113

INTERNATIONAL AFFAIRS

Shokhin on Attracting Western Investment, Technical Aid [KURANTY 30 Oct]	117
Matlock on Investment Climate at International Conference in Moscow [NEZAVISIMAYA GAZETA 27 Nov]	122
Possible Reallocation of Turkish Credits Cause for Concern [IZVESTIYA 8 Dec]	123

Kuriles Issue 'Complicates' Russian-Japanese Fishery Cooperation [ROSSIYSKAYA GAZETA 28 Nov]	124
'Nongovernmental Experts' on Expanding Ties With Japan [ROSSIYSKIYE VESTI 2 Dec]	126
Russia-CSFR Commodity Turnover Reviewed [NEZAVISIMAYA GAZETA 27 Nov]	128

UKRAINE

POLITICAL AFFAIRS

Parliament, President Cede Powers to Government [NEZAVISIMAYA GAZETA 24 Nov]	130
Moroz Assesses Kuchma Government Program [NEZAVISIMAYA GAZETA 24 Nov]	130

ECONOMIC AFFAIRS

Lvov Oblast Presidential Representative Reports on Economic Situation [VYSOKIY ZAMOK 21 Nov]	131
Chairman of Supreme Council Chernobyl Commission on Official Mishandling of Relief Funds [NEZAVISIMOST 21 Nov]	153
Masyk Answers Charges of Mishandling Chernobyl Funds [PRAVDA UKRAINY 24 Nov]	154

POLITICAL AFFAIRS

Rebellion Scenario Analyzed

934C05231 Moscow DEN in Russian
No 49, 6-12 Dec 92 pp 1, 3

[Article by Yuriy Mukhin: "Will There Be a Revolt?"]

[Text] Many patriots and citizens of the USSR—who, incidentally, are almost one and the same thing since a citizen cannot but be a patriot and a patriot cannot but be a citizen—have now reached the brink of despair. This idea, in my opinion, is confirmed by an excerpt from E. Limonov's book "Murder of the Sentry," published in issue No. 26 (54) of the newspaper DEN under the heading "Assault Detachments of Workers." He writes: "Miners of the Donbass, Kuzbass, and Vorkuta! Follow the example of your Romanian brothers. Impose your popular will. All self-styled presidents into the mine! Broken windows, charred government buildings, overturned and burned automobiles—these are an excellent way of making it understood what you want." That is despair. I would like to calmly discuss this suggestion both with E. Limonov and with proponents of this idea.

In and of itself a revolt as a means of achieving a goal does not frighten me, nor am I frightened by charred government buildings or having the leaders jump into the mines without parachutes. Especially if you are interested in the history of Russia you will understand that all this has been predetermined anyway.

And here in his speech at the congress the president suddenly recalled Pushkin's famous words about the Russian rebellion, and he even called them prophetic.

But let us return to E. Limonov. What does he want? I will not ask him this because I want the same thing. We want a state that will serve the people.

In the first stage there is only one means of achieving this goal here (a state of the people): We need a high power in the country—legislative and executive—which would serve the people and be democratic. Perhaps someone knows of another means, but I do not see any other.

It is thought that there is only one means of achieving this goal as well—to place responsible people in power. In fact that is a serious mistake!

How do we place these people in power? Our self-styled "democrats" insist to the people that this must be accomplished through a secret ballot by the population of the country. But all one has to do is look at the actions and the results of the activity of Yeltsin, Rutskoy, Kravchuk, Khasbulatov, Popov, and others elected by the population to become utterly disenchanted with this method. To be sure, this is a mistake too. The method of election is not bad in and of itself, but one can also understand those who oppose it—there has perhaps never been such decay in the entire history of Russia. Should some elite in the country be allowed to choose

this power? But Gorbachev, Yakovlev, and Shevardnadze, who were elected by the elite CPSU—they were also examples of no less decay!

THE GOALS OF THE REVOLT E. Limonov's idea about the violent overthrow of power with the help of assault detachments of workers does not seem either uncivilized or stupid, at least to me. But what then? Then they must put someone else in power.

I am a practical man. I have spent all my life organizing production, and if I were faced with the alternatives of either Yeltsin or Makashov, Rutskoy or Alksnis, Khasbulatov or Andreveva—I would not hesitate. For business people, of course, the latter are preferable. One could see that even three years ago.

But that is if I had only one option. After all, I have never seen any of them in action. Yes, they are patriots, no, there is no reason not to believe them, but still I do not really know how they work, and experience tells me that what they say is one thing and what they do is another. Raise Stalin from the grave—I know him from his work. Well, forget Stalin—raise up Brezhnev! While he was still alive I had to explain myself before the KGB (at the very time when B. Yeltsin was kissing his ass at the party congress with his report), including regarding anecdotes about Brezhnev, which I like everyone else, enjoyed telling. Things were not very pleasant for me at the time—Brezhnev did not like me, but today I have grown up and I agree—even raise Leonid Ilich from the grave! Since any choice of people without real experience is a gamble!

What is the reason why the Romanian miners overthrew Roman? Is anything any better in Romania?

During the course of a violent seizure of power the present republic governments and Supreme Soviet deputies will be ousted. (Incidentally, I am writing for intelligent and mature people and not for infantile Komissomol sex addicts.) To leave them to their own devices means mainly to prolong the battle and spill more of the people's blood.

I will explain what I mean. I had occasion to visit Yugoslavia when the parliament of Slovenia, in spite of the Yugoslav constitution, declared its sovereignty and its secession from Yugoslavia. This was the beginning of the country's collapse. Naturally, I discussed this step with the Yugoslavs, and I said that if I were in the Yugoslav government I would immediately restore the constitution, and to do it I would use aircraft and bombs to level all government buildings and the parliament in Ljubljana. Have no doubt that they looked at me like I was crazy at the time, a bloody monster of humanity. I even think I ruined the deals we had agreed to.

A year passed and I was again in Yugoslavia, stained with blood, with hundreds of thousands of fatalities and refugees, its industry ground to a halt, and insane prices. (On the television screen—blood, blood, and more blood. They showed a young Serb—the Bosnians had gouged

his eyes out and forced him to swallow them, they showed shooting and fires. And I did not begin this conversation; the Serbs themselves said that I had been right a year ago—indeed they should have suppressed the rebels, and hundreds of thousands of Yugoslavs would still be alive.

After all, why are simple people in Yugoslavia actually killing one another? Forget that nonsense about ethnic revival and pressure from the center. They are killing one another simply because they are of different nationalities and simply so that the powers in their states will be not international but exclusively national bastards.

When the government and parliament are driven out by a popular revolt there are no moral difficulties because of legal factors which I shall not discuss. The night before, the leaders are gathered in a single chamber and, say, the procurator general of the present Russia, the Criminal Code of Russia in hand, explains to the condemned the articles of this interesting little book under which they and he himself have been sentenced to execution.

There are moral difficulties of a different kind. For you cannot get to the present powers so easily. Thousands of our best compatriots, fulfilling their oath, are surrounding them with bones. Even if they understand their duty to the homeland incorrectly, even if they are duped, people who are capable of fulfilling their duty at the price of their own lives—these are the best people in the country. They are the ones to be pitied.

There are also technical difficulties. I think that E. Limonov was somewhat hasty in trying to rally support for the people among the miners. These are individuals who have repeatedly betrayed the people for the sake of money, they have destroyed the people's industry and left them without heat. People who are willing to revolt for the sake of pieces of silver are not fit for a popular revolt.

They have to mature. To decide to line up the sight of your rifle, to aim it at the belly of your own Soviet OMON [Special Purpose Militia Detachment] member, and smoothly squeeze the trigger—this takes more than simply being unable to buy the most necessary things in the store or getting used to seeing blood on television. It takes not being able to buy anything at all and at least seeing the blood of people you know. It takes fighting rage. This will come if everything continues the way it is going, but it is not here yet. It would be tactically incorrect to call for a revolt today. Our philistine will not take up arms the way he must—resolutely and energetically.

WHO IS CALLING for the revolt? Working Russia is in way too much of a hurry. Its task now is not to engage in bloody skirmishes with OMON members but to find any ways of penetrating into the organs that form public opinion, even through compromise. Any blood shed today is to the advantage of the existing regime. You will not move the philistine to pity by old people and children who are unmercifully beaten, especially the

Moscow philistine. And those whom this blood brings to a point of fighting rage are not yet ready for fighting.

The current leaders understand quite well that the number of fighters on the side of the people grows in proportion to their impoverishment. And they are taking their own measures. After all, Popov and Luzhkov do not simply order the OMON to shed blood on the streets of Moscow. They will not frighten Muscovites with this. They know that this will not frighten them but enrage them. Luzhkov's task now is to frighten the OMON so that its fighters will fear reprisal from the people and in the future, as they defend themselves personally, they will defend Luzhkov as well.

I do not know if I am convinced by the arguments of E. Limonov and those who share his views. My main thought is this: We should not do anything that strengthens the regime. There is no point in placing propaganda cards in the hands of the regime with an untimely call for a revolt and also appealing to people who are not suited for a popular cause. The more so since the possible results of a revolt are unclear. Who will come to power? The leaders the people need or again some long-winded and ineffectual bastards?

And why should we change or overthrow the present regimes at all? No, these people are not serving the people. But where is the guarantee that the new ones will do any better? Their words? After all, the ones we have now have not been silent. And Yeltsin even swore that he would repeat Anna Karenina's deed. But nothing of the kind, he still looks hail and hearty.

I do not think that the manpower of the former communist power were any smarter than the present ones. But they were more responsible, and this is the only reason they served not only themselves but the people as well. But these have no responsibility at all—and this is the reason for what is happening.

Responsibility for rule? Yes, including criminal liability. Now that the press of the "democrats" has aroused mutual animosity and greed among the people, now that it glorifies not the people who defend, build up, and enrich the country but those who sell it out, plunder it, and get rich as a result, the philistines have no time for brotherhood. Now the philistine (and he is also the voter) is hurrying to get in on dividing up the spoils and he exudes malevolent envy at the sight of his more successful neighbors.

He now needs something a little bit simpler, something in which he can see the clear and concrete advantage for himself. And the philistine does not need an idea he can believe in but one he can understand—this is more reliable. God forbid that he should have to fight for "democracy" or "people's rights" or anything of the kind—we are already sick of so many people trying to take advantage of this.

Suggest the following to the philistine. Ask him: If you had entrusted your life to a bus driver and he decided to

recklessly cross the railroad track in front of a train but got stuck. He himself jumped out and let the passengers in the bus die from the collision with the locomotive. Ask him: Should such a bus driver be convicted and put in jail?

Ask him: And if an officer is leading a convoy but, in order not to bother the soldiers, has not sent out any military reconnaissance personnel, and has not positioned front, flank, and rear outposts, and because of this the convoy has suddenly come under fire from an enemy ambush and perished. Ask him: Should such an officer be convicted? He should be shot—the philistine would answer. We entrusted our children to this officer so that they could defend the Homeland and not so that they could die pointlessly and ingloriously because of his stupidity.

Ask him: And if before the elections the people's deputies and presidents had promised a life of paradise to the voters who had entrusted their fate to them, and instead of a rich and peaceful country, without any reason or justification they broke it down into small principalities and caused interethnic wars and impoverishment of the people, should they be convicted and put in jail? The philistine will simply ask: "What is the quickest way to do it?" The philistine, who considers himself to be intelligent, will begin to pontificate on the notion that such a thing would not occur in any country.

In the first place, are there many countries in which there are morons who would divide the country into parts during peacetime? On the contrary, all countries unite! In the second place, if deputies and presidents after their term of office has expired are not judged for the consequences of their rule, who stands to gain from this—the deputies and presidents or the voters? Is there really even one voter in his right mind who would say that he needs an elected official who can act with impunity?

Such, for example, as G. Popov, who pulled the wool over the voters' eyes in the elections and caused Moscow to spend millions of rubles on his election and then, after turning the capital into a rubbish heap while still carrying out some of his own deals, he abandoned his post with impunity. Just think: Would Popov have abandoned his post if the voters had judged him for the results of his rule (not for his actual departure but for the results of his rule)? Would he have abandoned his position or even have run for it if he knew that after his term was up he would be faced with a trial by the voters and possibly another term—in jail?

And it is not difficult to conduct a trial. When the voters come to vote for a deputy or president, along with the ballots with the new candidates' names they would be given a blank form for the verdict on the old president or old parliament. The whole parliament at once, not individual deputies. The verdict would say "Deserves gratitude" or "Deserves punishment." The voter may cross out everything, leave everything, or leave just one thing. If the majority of the voters of the republic cross

out everything or leave everything, the old parliament or president will leave their post without any consequences for themselves. If they leave "Deserves gratitude" a monument would be raised to the president and all deputies of the parliament would be granted some benefit for life, for example, a pension. But if the majority of the voters leave "Deserves punishment," the president and all members of parliament, regardless of how they voted or which party they belonged to, would have to go to jail.

As soon as the parliaments and the presidents in the republics became responsible people, if only as bus drivers and officers are, the fanciful notion of national independence of the republics would immediately leave their minds (to put it mildly). They would not have anything to do with that. Fanciful notions about market relations, privatization, capitalism, and so forth would also leave their heads. Taking into account what they have already managed to do to the country, it is quite possible that they would react to the advice of all of their former wise advisers by making them put their tongues on red-hot frying pans. They would do only what is good for the people, and if it is good for the people it is good for Working Russia. Of course, there are intimations of ambition. After all, the opposition leaders would have to agree that the power would remain with Yeltsin and company. But then the leaders would have to sort things out among themselves and understand what they wanted—power for the people or themselves in power.

And then when the Supreme Soviet of Russia adopts a law on its criminal liability and the president's criminal liability, you can be sure that the rats will abandon the ship in droves, and it will not be necessary to demand anybody's resignation. They themselves will vacate their positions and leave them for the opposition.

One more question. What about, say, the "left-wing" deputies—Baburin, Anpilov, and others? After all, they would be in jail too. They would be in jail if they could not convince their opponents, who would be sitting in jail along with them, that they were right. But now everyone would listen to them and they would listen too. It would not be important who said what; the only important thing would be how useful what they proposed would be to the people.

And if the deputies were against such a law, they could still meekly, unobtrusively ask: "Whom have you been serving all this time, you scoundrel, and whom do you intend to serve if you are afraid to go before a court of the voters?" It is possible to call people to rallies and demonstrations for such a thing. In the final analysis it is not important who personally is in power. It is important for this power to be responsible to the people.

And I personally do not like the fact that if my suggestion were followed the matter of saving the homeland would be entrusted to those who destroyed it. But in the final analysis if this method is the least costly to the people, to

hell with my own ambitions—let them save us, but as quickly and with as little bloodshed as possible

Right-Wing Dictatorship Advocated

934C0523B Moscow DEN in Russian
No 49, 6-12 Dec 92 p 5

[Article by Vladimir Nilov: "Punishment by Scorpion"]

[Text] There have been dark ages in Russia, but never more foul an age than the one we are currently witnessing and participating in: we can only hope that it will never be repeated.

There exists a sort of contract between the state and the people; it may not be formalized in legal terms, but it is nevertheless clearly tangible and real. The historical existence of a people, that is, its being over time, can only take place within the framework of a state. A state is to a people what bark is to a tree or skin to an animal.

Its first and most sacred duty is protection of the borders, territorial integrity, and independence. It stands watchfully and formidably on guard of the honor and dignity of its country and citizens, wherever they may live. The title of autocrat or monarch meant not a despot but a sovereign who "marched to the beat of his own drum"—not someone else's—that is, he, and hence his country, were independent.

The second element of the government's activities is maintenance of law and order, providing such conditions for the life of society that allow the people's genius to reveal itself more fully.

If a government disarms the army, permits neighbors to pilfer the country by cutting off areas that had been a part of it for centuries; if its citizens are insulted, beaten, killed, or exiled; if such a "government" permits the criminal world to overcome the economy, letting it for the sake of shameless profits artificially create disruptions in the supply of food or fuel for the population, the citizens of such a state are morally free from obligations to this government. Just consider, for instance, the abduction by the Balts of an OMON [Special Purpose Militia Detachments] officer from Tyumen (from Siberia!), who, while serving in the military in the Baltics, carried out the orders of his superiors.

Worthless Russia and Great Latvia! What then can, for instance, the United States, England, or Germany accomplish?! It is horrifying even to think of it. Such governance is worse than Stalin's: The latter at least stood formidably on guard of borders, expanded the territory of the country, and won an incredibly difficult war. He did at least half of what a government is supposed to do.

The current rulers cannot be called a government: They are favorites and mortal enemies of the country, the people, and their future. Churchill said after the war that he had no intention of presiding over a committee on the

liquidation of the British Empire. Lincoln started a civil war in clear violation of the constitution, which he, in accepting the post of the president, had sworn on the Bible to uphold, for the sake of an even higher law, albeit unwritten: that states, once they enter a union, thereby forfeit their right to secede.

There is something unnatural about the disintegration of a country from above, by its own government, which accomplishes what its enemies were not able to do throughout its entire history.

There is, after all, a difference between the loss of a Reich and that of the Russian Empire. Germany lost almost everything it had acquired as a result of a 1,000-year drive after complete military defeat; a victorious country does not end its historic life this way.

Russia currently does not have a government, although the formality of presidential elections was observed. There is chaos and anarchy in the country; organized crime is profiting from the suffering of the people; morals have dropped so low that schoolgirls are dreaming of the career of hard currency prostitute. The name of Russia has been trampled into dirt; Russia does not count any more—the former Union republics have robbed it and chopped off from it traditionally Russian lands; the Russian government does not protect its citizens who have suddenly found themselves in the role of "ethnic minorities" living abroad; the United States recently appropriated several hundred million dollars for Russia's unilateral disarming! And the free fall continues. When will it stop?

What Russia has is not a government but a committee for auctioning Russia off, wholesale and retail, to its own shadow capitalists and international sharks. This is not a government of national salvation ("Boris! Russia has been waiting for you for a thousand years!")—it is a Quisling government, lackeys carrying out the will of their foreign masters.

Citizens of a country with such a "government" are morally free from the obligation to obey it. Moreover, their civic duty to their own conscience and the next generations is to replace such rulers with a government of national salvation. The fall of communism has been achieved at too high a price—the disintegration of the state. This has to be corrected.

A country that is destined to live is sent—whether by God or by history—a great man who, like a pilot, leads the country out of disaster. There is no such person now on the political horizon of Russia; therefore, we can now only count on ourselves—each of us must become a Minin in order to free Russia from this trash heap on which it has ended up through the fault of its helpless leaders.

In 1917 the country was brought out of the crisis by the "leftist" literature of the Utopians. In 1991, the "left," the "democrats," the "radicals" (it is all the same—all of them walk under the sign of the dollar) perpetuated the

same "left" dictatorship. It is the same Western curse that continues to weigh upon Russia. The new rules signal their failure even faster than their predecessors. If the rule of Lenin and Stalin was punishment by whip, the rule of the new "left" will turn out to be punishment by scorpion.

Russia's salvation now is in the dictatorship of the "right." What Kornilov did not succeed in doing in 1917 must be accomplished in 1992 if Russia is to live.

Deputies Cited on Conduct of Congress

934C05174 Moscow ARGUMENTY I FAKTY
in Russian No 48, Dec 92 pp 1-2

[Article by A. Uglanov: "If I Were..."]

[Text] At the very beginning of winter, Russia is made happy by the next fateful Congress of People's Deputies. And it is hardly useful to interpret the words of R. Khasbulatov, the speaker of parliament, seriously: "It is not important what kinds of decisions we adopt—good or bad. But we must adopt something!" In fact, decisions of the congress were prepared very carefully and were aimed at the neutralization of the reform wing in the higher leadership of Russia.

This was indirectly favored by President B. Yeltsin himself. His pre-congress "surrender" of people from his circle only roused the appetite of the opposition. Excessively clever for a majority of the deputies, Ye. Gaydar continues to upset and provoke such people as A. Tuleyev who are offended by fate and the open lies from the rostrum, in which more than half of the deputies believe eagerly.

However, one should not think that the seating of the deputies in the hall is a simple exercise. Emotions at times flare up so much that already heard in scuffles on the stage was the ominous promise of a "front member" to a democrat "to hang everyone soon." Concealed work is also going on in the hall. Everyone is ascribing something to someone. The same leaders of the National Salvation Front (FNS) were gathering signatures for convening the next-special congress even before the end of this one.

Incidentally, the attendees expected a lot from the congress. Some—its full discreditation, and others—the overthrow of Yeltsin. Neither one nor the other happened. True, R. Khasbulatov had to admit the correctness of the comparison of the deputies with dinosaurs, when those once again left loyalty to the ideals of the USSR in the constitution.

So, almost no one is satisfied. And in this situation, the deputies fantasied, putting themselves in someone else's place. The unappeasable radical S. Yushenkov also could not imagine, but in Khasbulatov's place:

"I would resign immediately. He is a complete contradiction to the regulations of the congress and ideas about

the most elementary norms of morality. I would not want my name to be 'Khasbulatov.'"

A threat to all presidents, M. Chelnokov, after becoming speaker:

"I would conduct my policy based on two main principles. Usefulness to the people of Russia and the state, and unquestionable execution of the laws. The exclusion of principles of revolutionary expediency. Inasmuch as the president is the guarantor of instability in the country, I would conduct a policy for his impeachment or call for immediate reelections."

V. Urazhtsev talks in terms of a possible military dictator who usurped power in the country (of course, jokingly):

"I would assemble all industrialists and economists and say: 'Who is hindering us. Whom do we send to Vorkuta [Vorkuta labor camp]. I would assemble the smart muzhiks, give them high positions, pay, and a contract for six months. But they would know that if they were unable to cope, then they would be sent to clean up the White Sea-Baltic canal. I would set a salary for the president of 2 million rubles [R] month. I would need it in order to write off shortages. Also for Rutskoy, I would always be able to say: 'Look who stirred up our reforms with his moustache!' I would give M.S. Gorbachev one more chance. He has already been 'released,' and he knows what it is to be like everyone else. And if we are talking seriously, I would employ the enormous potential of the army—this is both science and an enormous moral-ethical potential."

Economist T. Koryagina, a former Yeltsin comrade-in-arms, was unable to force herself to imagine the situation if she had to take Ye. Gaydar's place.

In connection with the new requirements to revise the state membership of Crimea and Sevastopol, M. Astafyev sees his hypothetical presidency this way:

"You watch an action movie in which a criminal runs and commits new crimes along the way. I would not fall into this situation. In December of last year, I would have said: 'Crimea has gained its independence, it is part of the Russian Federation, and a part of the Union. It did not secede—there was not 50 percent of the population in the referendum. We have no problems. We respect the interests of the Crimeans, we are not dividing the fleet, Sevastopol remains our base, and the troops remain ours. Anyone who does not like this, can go to war.' But no one there wants to wage war, and there is no one to wage war against. The population and the army were united. But I will note that nonrecognition of some kind of illegal situation does not mean that it is necessary to regain territory with weapon in hand. The FRG waited 50 years for the reunification of Germany, not acknowledging the artificial division of the country. This is what the position of responsible leadership of Russia should be."

Holy Father G. Yakunin is also concerned about the problem of the speaker. Being president, he immediately would concern himself about the removal of the speaker. But these are unrealizable dreams.

S. Baburin was closer to the speaker's chair a year ago than anyone. So, if he already had held this chair for a year, then:

"I would behave differently in many cases from the current chairman of the Supreme Soviet. This also concerns that which happened in December 1991, and that which occurred during 1992."

But as they say, hopes nourish a youth. And it is entirely possible that some one of our interviewees will really become the speaker, the president, the prime minister, or the dictator. If they succeed, then they will have to deal not with dinosaurs, but with normal people, for whom an academic degree will not be a failing, but a virtue, and for whom the voters will be not a reason for political courage, but an object of concern.

When this issue was being compiled, it became known that Ye. Gaydar did not receive the necessary number of votes to occupy the chair of premier. In the opinion of those who until recently supported the president, this was a direct consequence of unjustified concessions to the opposition on the part of B. Yeltsin.

Deputies Comment on Results of Congress

934C0519A Moscow *LITERATURNAYA GAZETA*
in Russian No 50, 9 Dec 92 p 1

[Roundup of deputies' views: "Congress Without Winners"]

[Text] Monday, 7 December—**Last week was dominated by the Congress of People's Deputies. Reports were delivered in this period by the president, the chairman of the Supreme Soviet, and the acting prime minister. The congress voted on questions of constitutional amendments and adopted a decree on the progress of the economic reforms. Our correspondent asked certain deputies to sum up the work week.**

Nikolay Vorontsov: Compared with the previous congress, the forces of the Reform Coalition bloc at the present congress have diminished. A sufficiently permanent correlation of forces both against the president and the government and in support of them has taken shape. But neither side has the requisite necessary majority. And this means that it is hardly likely that the congress can adopt a decision wholly to the liking of both the president and the government and their adversaries. In addition, some steam was already let off before the congress.

How will this be reflected in the course of the reforms? Ryzhkov, Pavlov, Silayev could be invited to head the government today—the reforms would go ahead all the same. It is merely a question of pace. It has to be said

that the Gaydar government had a strategy, but no tactics. In this year, experimenting on the country, some things have been learned. I'm afraid that there will be new people and they will have to learn once again.

Sergey Baburin: The congress is not yet over, and after an analysis of the decisions which have been adopted, each faction will formulate its own further policy. Judging by the results of the voting on the amendments to the constitution, there are neither winners nor losers. This is a disturbing symptom indicating that the corps of deputies is psychologically fatigued. It would be a great pity were the congress unable to introduce anything new into the economic and political situation. Following these votes, the chances of the present government being retained have diminished sharply. The situation has not changed at this time, and the complaints against Gaydar have only increased because of the obstinacy of his supporters in parliament. Certain amendments were not approved, and thus there has been virtually no change in the conditions. But a vote of no confidence has already been passed on those conditions.

Various versions of a strengthening of the parliamentary structure and the balance of forces between the president and parliament will now be pondered. Thought needs to be given to how we can strengthen the parliamentary path of development, for the executive, unfortunately, is operating very much blindly and is frequently by its peremptory approach jeopardizing the preservation of civil peace. How is this to be done? By thoughtful work and a wise relationship with the president, regardless of what is enshrined by the constitution and what is constitutional or parliamentary tradition.

Sergey Yushenkov: The work of the congress has shown that it is incapable of adopting decisions which might really contribute to the economic reform. The congress is capable only of stalemating both the economic reform itself and reform in all spheres of social life in general.

I have already said that the votes on the constitutional amendments are entirely unlawful and that the congress is demonstrating its readiness to go against the law, against the standing orders, thereby affording ever increasing grounds for a ruling by the Constitutional Court. Speaker Khasbulatov is more and more taking the path of lawlessness. The decree on the progress of the reform is lawlessness also. It was adopted in violation of the standing orders. As far as the substantive part is concerned, the congress sees no responsibility—neither its own nor that of the Supreme Soviet. The blame for everything is placed on the government. In addition, the decree essentially means a return to the past methods of management and the command-administrative style.

Father Gleb Yakunin: There was an attempted constitutional coup, and a grim struggle was conducted, in the main, around this central issue of amendments to the constitution and the new law on the government. And everything else is of a tertiary nature. This is why we did not want the Seventh Congress convened. If a new

Congress is held in April and the subject thereof is merely consideration of the progress of the economic reforms, this would be an absolute absurdity. The contending flanks cannot pass a constructive decision today, and it will certainly be even worse in the future.

Concerning the vote on the amendments to the constitution, Yeltsin won a big victory here, I believe. How do I explain this? By the fact that for the rank-and-file deputy the passions between the government, the president, the Supreme Soviet, and Khasbulatov are of little significance. He wants stability, wants to preserve his mandate, his deputy's status for a further two years, six months. What is the point of him taking risks? Many of them have an apparatus sensitivity and sensed in Yeltsin's words a real threat. Having encroached on the power of the president, they can get back to square one. This is a turning point in the course of subsequent relations between the executive and the legislature.

Oleg Rumyantsev: There are three striking features about the past work week. The first is that the president held back from the decision, which is being earnestly foisted on him, to issue some specious edict on the dissolution of the congress, which could have put an end to his political career. The second is that the degree of the so-called reactionariness of the congress was not all that terrible—the congress is entirely movable by a centrist mood and aspirations, and this was obvious toward the end of the week. The third is that a centrist motion will, evidently, carry, for all that: The government's accountability to parliament will via the amendment to the constitution be increased, but parliament will not have the right to confirm experimental ministers. Concordance between the president and parliament on the figure of the prime minister will be key. This means that in practice Gaydar will not be leader of the government inasmuch as he is the sole person on whom parliament could retrieve its losses. And there arises here the model about which we have long been speaking—an austere prime minister (even Rutskoy, probably), under whom the liberals Gaydar and Chubays could play the part of a kind of balance. Consensus should take shape around a strong political figure. It seems to me that Yeltsin could share some of the power space, considering certain failures of his policy of late.

The week has shown the important stabilizing role of the congress. Despite all the attempts to discredit it, despite the fights, the congress is performing the role of stabilizer in Russian policy, but the political will of the president is very important here. It gets lost at times, it was lost in the report on the first day, it was lost in the attempt to propose a new figure as prime minister, and it cannot be discerned as yet in the way in which he will approach personnel and substantive changes in the government which he heads.

There is just one path for the reforms—transition from the period of shock to a period of stabilization and a sharp strengthening of the regulatory role of the state in

the market processes. And, it seems to me, very interesting symptoms were manifested in Yeltsin's speech even—he spoke about Russia's national interests, about the fact that they had to be taken into consideration. I have already explained my position in an interview with THE GUARDIAN: The sole means of salvation for Yeltsin is to become "Rutskoy." If he does, if he becomes a center politician combining patriotism and democracy, he could restore anew, perhaps, his shaken reputation.

Yevgeniy Kozhokin: The congress has effected a certain evolution toward the conservative side. At the same time, however, the executive has made serious mistakes. So some deputies, who have by no means become conservatives, have gotten the feeling that some additional pillars for the state need to be found. But these people can under no circumstances be classed as conservatives. A great deal will depend on them.

Some deputies believe that it is necessary to approve the law on the government which was adopted by the Supreme Soviet, and after this confirm in the office of prime minister Gaydar and the people of his team. On the other hand, there were four key speeches at the congress: by the president, the chairman of the Supreme Soviet, the chairman of the Constitutional Court, and the acting prime minister. A kind of parade of the stars. This parade did some people a bad turn. There is no one to blame here—each politician is playing a risky game, and each, if he calculates his moves wrongly, will lose. The serious winner at the congress thus far has been the chairman of the Supreme Soviet—his positions have strengthened. The speech of the chairman of the Constitutional Court was very significant also.

The results of the voting on the question of amendments to the constitution do not yield a serious winner on either side. There has merely been a slight change in the parity of forces. The balance is maintained, and as of now this is important.

In any event, it was essential to take advantage of the opportunity to promote Gaydar. Today he is not an independent political figure. The prime minister must be an independent and very significant political figure. Gaydar as a personality has all that it takes. But he does not have proper status.

Deputy Deplores Events at Congress

934C0519B Moscow LITERATURNAYA GAZETA
in Russian No 50, 9 Dec 92 p 2

[Article by Vladimir Fomin: "Aura Surrounding the Ballot Box: The Subjective Observations of Our Correspondent, a People's Deputy of Russia"]

[Text] What, for all that, is going on at our congress? Where are we headed? One literally senses physically how, in spite of oneself and one's views, one is being pulled into a dangerous vortex and made an accomplice in

"triumphs" and "democratic expression" of the ballot type and in many other "victories," seen and unseen.

It is not a question of the opposition today becoming stronger and of us who consider ourselves democrats increasingly losing. Even when without Khasbulatov's command one might have rejoiced in a success, one feels at heart repulsive because even one's fellow thinkers are gaining a preponderance increasingly not by force of argument winning over a majority but as a consequence of backstage negotiations and a variety of agreements. It is the result that is most important, not the way it is achieved?

Flouting an opponent's dignity is becoming the norm. See how the hall exults when the chairman once again "cuts off" a deputy who has dared to put from the floor an embarrassing question. The next time the person humiliated will be someone from the ranks of those who were doing the applauding. But this at the given moment is immaterial.

A variety of parliamentary tricks is coming into play increasingly often. Deputy Zadonskiy, member of the Commission for Compliance With Standing Orders, recalls: Inasmuch as Khasbulatov was one of the rapporteurs, before the end of the discussion on the first item he should have transferred the functions of chairman to someone else. Ruslan Imranovich magnanimously brushes this aside: Were there another chairman, it would be even worse.

And the congress "swallows" it. It is clear why—the chairman is pursuing the policy of the majority. The majority could tomorrow be the minority, but this is immaterial to the triumphant majority today.

The need for a ballot on the amendments to the constitution was justified by the fact that there are among the deputies many representatives of the executive and the presidential structures. It would allegedly have been awkward for them to have shown their disloyalty to the high authorities out in the open. And none of those who were alluded to here became incensed or rejected this "argument" demeaning their dignity.

Is the deputy's reading on the scale of ethics so low—after all, the majority of the congress agreed with this reasoning.

What kind of aura surrounds us in this case?

After the results of the ballot had been read out, my comrade and I returned from the Kremlin. What triumph, what kind of victory, had there been there? In respect to ballot four the vote had been deemed invalid. "For technical reasons." As Rear Admiral Chebotarevskiy, chairman of the Vote-Counting Commission, unintelligibly explained, "74 voting papers on Desk 11 were submitted in different wording."

We walked on in silence, thinking, most likely, one and the same thing: Could there have been some skullduggery? Why had we not asked Chebotarevskiy. If there

could have been manipulation with ballot four, why could "odd" ballot papers not have found their way into the ballot boxes under the other numbers?

"A commission should have been appointed, and things should have been investigated," I said, "and only then should the record of the voting been approved."

My comrade agreed.

But why did we both remain silent at the congress? Why did both the people of Democratic Russia and the Communists, those who would usually, at the time of other, incomparably more trivial misunderstandings, kick up a real storm at the microphones, remain silent? Had they come to some arrangement? Do the results suit both parties? And is it not odd that on television and in other mass media there has been total silence in this connection?

In the evening I watched the television report from the congress. Perhaps, sitting there in the hall, there had been something I had not understood?

Chebotarevskiy: "74 papers on Desk 11 were submitted in different wording."

Khasbulatov: "It is moved that the minutes be approved, except for ballot four."

Someone asks to speak on a point of order. Khasbulatov refuses. "The vote is on, and you are out of order." "Is that all, Deputy Chebotarevskiy? Thank you."

That was that, the vote was held.

But there had, after all, been a person whose conscience was, I believe, working like a seismograph. And had we been different people, he would necessarily have been given the floor. But we are who we are, and the deputy was not recognized.

Who was he, I would like to have known. How does he feel? Was it not he who the same day had thrown from the microphone in the face of the presidium: "You are the puppeteers, we, the puppets."

Who could explain to me what is, for all that, going on at our, at my, congress?

Bukovskiy Remarks at Party Congress Viewed

934C0522A Moscow LITERATURNAYA GAZETA
in Russian No 50, 9 Dec 92 p 2

[Article by Yu.S.: "Anecdotes from Bukovskiy: The Well-Known Civil Rights Defender Told Two of Them at the First Congress of the Economic Freedom Party. It Turned Out—They Were to the Point"]

[Text] What the Bolsheviks scared us with for a long time, it seems, has come true. Last Saturday the Economic Freedom Party adopted bylaws and a program, and also a number of statements and appeals, as is now done at every proper meeting.

The hall voted unanimously for many proposals, recalling the communist forums of the 1970's in their unanimity and respectable appearance.

The analogy ended when Vladimir Bukovskiy, honored guest of the congress, who, it seems, came over from London, appeared on the rostrum. He said it was not clear from the foggy shores of Albion whether Russia had a policy. Just as, moreover, a market was not visible. But if, he said, Mr. Gaydar assures us that he has almost established it, then I will recall the anecdote for him about a doctor in an insane asylum who promised patients: If you behave yourselves we will even pour water into the swimming pool.

Bukovskiy complained that our country takes taxes from charitable activity. And, on the whole, he called Russian taxes Swedish, but our earnings... Ethiopian.

The hall did not see insults to national dignity in the metaphors and broke out laughing a second time. Bukovskiy also dished it out to Yeltsin who, in the opinion of the speaker, is trying to create a ruling party at a time when the party should first be born, and then come to power.

The still well-known dissident complained that it is impossible today to distinguish a repentant Communist from a loyal Leninist.

He also dished it out to opponents of reform. After comparing the readiness of Russia for market life with a 12-month pregnancy, Vladimir Bukovskiy reminded sluggish conservatives of the English anecdote concerning the tearful master who decided to cut short the tail of any dog not at once, but in parts.

This joke was appreciated, despite the presence in the hall of many owners of good dogs. In this way the guest covered all the problems of the congress and Russia as a whole. At the same time, on Rozhdestvenskiy Boulevard, several men were drinking beer from glass jars. One was without a jar, but no one responded to his request to borrow a vessel.

The idea of private property, about which there was so much talk at the congress, has already taken hold of the masses here.

Liberal Democrats Tied to Falsified Lists

934C0522B Moscow LITERATURNAYA GAZETA
in Russian No 50, 9 Dec 92 p 2

[Article by N. Zenova. LITERATURNAYA GAZETA correspondent: "'Dead Souls' for Mr. Zhirinovskiy"]

[Text] Yekaterinburg—We suddenly remembered in the editorial office that somehow nothing had been heard from Vladimir Volfovich—and just then a report from our correspondent arrived.

It seems that it was not long ago that the Liberal-Democratic Party was deprived of its status for falsifying

lists of party members, and so—once again... As G.N. Karelina, chief specialist of the Department of Justice of Perm Oblast, told me, 35 persons appeared on a list of Perm residents which was sent for verification by the Ministry of Justice of Russia, where an application was submitted for a new registration of the party. Of these, only five (!) confirmed their membership, and the rest refused this honor—moreover, some very nervously spoke different words in response to the oral and written queries of Karelina and her colleagues. And some did not say anything at all, either because they had never lived at the indicated addresses, or because they lived there at one time and have now resettled somewhere where they are no longer excited by political passions, or any other kinds of passions.

Poptsov on Media, Political Issues

934C0520A Moscow LITERATURNAYA GAZETA
in Russian No 50, 9 Dec 92 p 3

[Interview with Oleg Poptsov, head of the All-Russia Television and Radio Company, by Yelena Grandova; place and date not given: "Shackles of Freedom"]

[Text] On the way to the meeting with Oleg Maksimovich Poptsov, head of the All-Russia Television and Radio Company, I was thinking all the while: He is a writer, he edited a good journal—the million-circulation SEL-SKAYA MOLODEZH back in those days did much to shape public opinion. Things were not smooth sailing, but they progressed. And suddenly—what do you know! In a void, from scratch, starting a new radio and television at such a time. What scared him into this, as the people say.

RTR [All-Russia State Radio and Television Company], meanwhile, has been in existence for 18 months now, and millions of television viewers are, not without partiality, evaluating the "Russia" television channel.

[Grandova] Oleg Maksimovich, you know, most likely, that part of society calls RTR "pro-Yeltsin" television. How do you view such an opinion cum accusation?

[Poptsov] Normally, as one may view any superficial judgment and desire to pin on labels. Life is both more multidimensional and contradictory. Recently a number of newspapers has been accusing us of pro-parliament sympathies.

What is meant by "pro-Yeltsin" or "pro-government" or "pro-Khasbulatov"? I have said hundreds of times and repeat: Russian television and Russian radio are a pro-reform phenomenon, whether some people like this or not. It might not always help the reform processes in the best way, possibly, and I am prepared to agree with this, but it is pro-reform. Eighteen months ago people came to us from Ostankino not to be fashionable but from inner conviction. We set up the company in defiance of the wishes of the then authorities of the Union. We formed it in the name of diverse, long-suffering Russia, in the

name of reforms. It is as such, I dare to hope, that the Russian Television and Radio Company persists to this day.

Is it oppositional? Both yes and no. It is oppositional in respect to the mistakes made en route to the reforms. And we talk about these mistakes, drawing down on ourselves the wrath of the reformers. We speak about the erroneousness of the forecasts which have been made by the government, about the inconsistency of the authorities and about the fact that the authorities have frequently been formed not in accordance with professional but in fact with ideological analogues: whoever was present at whichever mass meeting. We speak about the arrogance of the representative authorities. We speak about the domination of bureaucratism, about corruption, which, alas, is flourishing, about the cultural crisis of the nation. There is no point, I believe, enumerating the programs in which all this is discussed.

[Grandova] You said that RTR is required to be oppositional to the mistakes of the reformers. But there is a real opposition, what are your relations with it?

[Poptsov] Well, first of all it is feckless to consider the opposition a negative phenomenon. The opposition is a milieu of events. It always exists. Exclude it, and the milieu becomes artificial.

Both society and the authorities become wiser if they are fair to the opposition. I shall be betraying no secret. I believe, if I say that the objective viewer knows—from our broadcasts—the opposition by sight.

But there are different kinds of opposition. That which operates in constitutional forms is a perfectly normal phenomenon, and it should be given a hearing.

The term "irreconcilable" distorts the character of the opposition. Embitterment becomes self-actualizing, and the references to the constitutionality of actions thereupon become meaningless.

Either hatred or tolerance.

The communist idea is dangerous not by its leveling character but by the recognition of violence as some form of honest human relationships.

The entire philosophy is contained in four words: dictatorship of the proletariat.

Party ideologists are a unique human breed.

The nomenklatura intellect is a constant value, and it cannot think without holding sway. Power deprived of power is for it flawed ab initio. And for this reason it should be taken by the throat, smothered, and prevented from operating. Nonetheless, as long as it is within the limits of respect for the law (I am not speaking of human respect, there has been none of that), let us argue and create tolerance. In this sense the reactionaries are highly experienced people. They reject democracy as a regime and concept of government, but it is essential to them as

temporary pluralism and the right to remain unbanned and, consequently, the right to the creation of a coup environment. Until this moment they will shout: "Democracy is in danger!"

[Grandova] Is there not some oversimplification in what you say? After all, whether you like it or not, the communists are today perceived as being people who are entirely different from what they were a year ago. The people are not yet living better under the democrats.

[Poptsov] No, I am not oversimplifying. Thinking differently does not mean thinking better, everything is, truly, more complex. What are the reasons for the present stormy clashes, why are the words "Whoever is not with us is against us" becoming an oft-repeated appeal?

And this is not a predilection of left or right. It is the darkening of all. What has happened?

The period of perestroika coincided in the party structures with a change of guard. A new generation of 35-40-year olds had come to the leadership at various levels. They had obtained a mandate for power, more precisely, the right to omnipotence. We had, however, one party, one dictatorship. And suddenly everything caves in. Article 6 of the constitution is abolished, and the bank is broken right before the eyes of the young functionaries untouched by gray hair. This is not that easy to take. It cannot be said that our fatherland has had good luck with the authorities in the past. And this means that we must always be afraid of the danger of the power of fools being replaced by the power of rogues. If this happens, you can say goodbye to democracy.

[Grandova] Yes, but the disenchantment of many people who came to the White House to defend the democrats is obvious.

[Poptsov] Please understand, they were defending not specific people but democracy and the very right to be free. People come and go, but if the right to democratic processes goes with them, everything goes!

Democrats by conviction were in the tens, hundreds at best. The preceding environment and social reality did not contemplate democracy as a norm of creed and behavior. For this reason, by virtue of our democratic ignorance, we took fragmentary liberalism for democracy.

Gorbachev liked to say that he was a real democrat, but we understand that being more honest than the preceding satrap does not mean being a democrat.

The trouble with the Democratic Russia movement, this primordial value of the democratic process, is that it co-fused mood with convictions. When the ordeals began, the mood changed, and the democratic cloth began to shrink like shagreen leather.

Revolutions at all times have been carried out by those who are active emotionally, and reforms, by those who are profound thinkers. And these are different things.

[Grandova] I will put it another way: Are you sure that democrats have come to power, that we can altogether speak of democracy today?

[Poptsov] Everything is relative. The problem lies elsewhere. Managerial professionalism did not come together with the democratic mood. Why?

Because the democrats had never been the authorities, and having become such, they retained practically the entire old administrative machinery. Nor did they have any choice! The whole tactics had been geared to a growing into power and a change in the power proportions between the center and Russia. And suddenly, the putsch. And the entire cumbersome object of power was deprived of a master, as it were. But life had to go on. The trains had to run, water had to flow from the faucet, bread had to be sold, and pensions had to be assessed. The country had to live. There was no time for the selective breeding of an administrative machinery, and circumstances forced the acceptance of that which was fundamentally attuned toward democracy as an unpredictable phenomenon—exclusively negatively. Thus was the Trojan Horse let into the city.

[Grandova] Do you consider the threat of a constitutional coup and the coming to power of national socialism a well-founded and serious threat?

[Poptsov] Yes, it is real. There is a fifth estate—an estate of rebellion and hatred produced by, inter alia, the results of the reforms, which are slow in coming. What do the national patriots say? It will take a long time to change the situation, it is necessary to overcome the consequences of perestroika. That is, it is now proposed that we go back a long time. Where to?

When did meat become scarce? Under Yeltsin? It became scarce under Brezhnev! When did milk become scarce in Perm—under Yeltsin? Under Silayev? Under, if you like, Gorbachev? No, under Brezhnev, Suslov, Chernenko. Yes, we were left without milk and bricks because we suffered from giant-mania and destroyed the infrastructure characteristic of boundless, road-less Russia.

Small brick plants for three kolkhozes, small dairies, creameries, smoking sheds.

[Grandova] Oleg Maksimovich, what was your perception of Gorbachev then and what is it now? How do you explain the fact that the relations of Mikhail Sergeyevich and Boris Nikolayevich leave, to put it mildly, much to be desired?

[Poptsov] Historically, Russia has been a country which has revered power. The subjects always extolled their tsars. The master will come, the master will settle our dispute!

Back in 1986 I said that if we consider Gorbachev some messiah, this is simply not good enough for Russia. Such a country has a right to wish for more. A normal, moderately liberal individual from the provinces, better educated than his predecessors. We subsequently realized that the personal palette was far more three-dimensional but not in the direction of brilliance. Resourceful, charming, loquacious, cunning, and inconsistent. Nonetheless, he accomplished a historic change. He broke the ice!

What was needed was not only that he be the first to talk about reforms but that he accustom the country and the people to talking about them and make this process the rule. And he achieved this. Then Gorbachev's power proved more than Gorbachev himself. He became material in the hands of his own power—pliable, seemingly, and at the same time deceptive.

The period 1987-1988 ensued. As of this time Gorbachev saw in any action primarily himself. A human normality, essentially. But at the same time the tragedy of the reformer also. History will be left with the Gorbachev who initiated the democratic processes in the country, but who was afraid to head the democratic movement.

Yeltsin joined the democratic movement when it was the minority. And it has remained the minority, incidentally. And Gorbachev always wanted to have the nugget of the majority to hand. For this reason he maneuvered, sometimes he would move to the right, sometimes he would unpredictably turn to the left. Inconstancy became Gorbachev's political hallmark.

I once wrote in this LITERATURNAYA GAZETA that there would come a time when Gorbachev would begin to "surrender" his associates. What was most tragic was that they understood this. They did not know merely in what sequence, who would follow whom. In this way he "trod out" his ground. The reformer suffered an aberration of sight and hearing. He thought up the self-justificatory formula: I am the reforms. If I survive, so will the reforms.

As for the relations between Yeltsin and Gorbachev. A plus and, simultaneously, a shortcoming of Boris Nikolayevich is his naturalness. He is in this naturalness an unprogrammed, vulnerable individual. His enemies know this and take advantage of it. I supported Boris Yeltsin in those past, none-too-distant times when he was neither president nor chairman of the Supreme Soviet, supported him as a man, a lonely and courageous man, what is more. My attitude toward him was variable and it changed. At the time when he was "in charge of Moscow," as they say, I said at a writers' plenum: "One Sverdlovskiy Rayon is enough for Moscow." Somewhat later I observed the tragedy played out at the well-known Moscow City CPSU Committee plenum and the political sadism of the nomenklatura. Treachery cannot pass for a person without trace. It seems to me that it was for Yeltsin a grave awakening and wound.

[Grandova] But Gorbachev experienced treachery also. This should have brought them closer together, it might have seemed. Specially since the prisoner—Gorbachev—had to have been grateful to Yeltsin for his rescue.

[Poptsov] Not entirely. Yeltsin came into an environment predisposed toward treachery and he hardly suspected this. Gorbachev, on the other hand, created his entourage with his own hands and he had shown many people a lesson in disloyalty.

Reformers are divided into those who are the first to start to talk about reforms and those who are the first to begin to put them into practice. These are different people, as a rule. Whence the feeling of jealousy. And if the reforms prove difficult, this is a festival of the soul for the precursors. They can always say: I warned you!

[Grandova] The results have, truly, been fewer than might have been wished. Could you formulate how you see the president's mistakes, by virtue of which we have today what we have?

[Poptsov] We have what we have not as a consequence of the mistakes of the president, parliament, and the government but as an inevitable, I stress, inevitable reality of the reforms which have been initiated.

Here are a few interesting figures which I heard recently from President Nazarbayev. Over 60 percent of the decline in production in the CIS countries is a consequence of the severance of production ties on the territory of the former Union. A further 20 percent is the consequence of the abolition of CEMA. The East European countries were bound up in an integration process. And, please, rid yourself of the absurd idea that it is possible to have therapy without shock and reform without a decline in production, without inflation and, most importantly, without furious resistance. Who prevented the reforms of serfdom in Russia? The advocates of serfdom. Read some history and you will see for yourself how many years reform "hung in the air" once having been announced. That's just it, the model of resistance is the same. A reform of property, and our reform is such, has always, in all times, been resisted by the boundless possessors of it. And another form of property, initially unprotected by law, material resources, and professional support, will always lag behind and make a heap of mistakes. This is, if you'll forgive me, dialectics. And it is not a question of which form of property is better or worse. It is a question of something else—which has development prospects, which may extract a hitherto unused energy resource. So we have lived in disregard for the private property principle, this energy seam which is predominant in the creation of civilization. The social pretensions of my fellow citizens continue to exist in truncated form: "We are not starving, it's good enough."

Now about the mistakes. To think that the president himself creates his entourage is naivete. He feels out three-five key figures, and it is then this nucleus which

produces and shapes the team. The rapidity of the processes engenders haste in decisionmaking. Haste is always something ill-considered, something unaccounted for.

We often hear criticism of the president's edicts. Speaking of their essence, all the edicts, without exception, have been justified. On corruption, on free trade, on privatization, yes there have been quite a few edicts! They are objective from the viewpoint of a response to ongoing processes, but one senses a rashness in them. But this is immeasurably better than if there had been none at all. They are like landmarks on a dark road. One cannot see into the distance, perhaps, but a shoulder and ditch, into which you could fall and overturn, are marked. Many of the laws which have been passed suffer from the same defects, incidentally.

Do not forget that the majority of edicts have been adopted in an atmosphere of opposition and political instability, and this is not the ideal environment for faultless actions and decisions.

Among the objective difficulties giving rise to mistakes we could also put, evidently, the fact that the sole confirmation of their possibilities remain for any new authorities—whether it be the government or parliament—promises. The first reformers, who spoke about reform, drew from this well. Those who replaced them and came to act found themselves at a dried-up spring. The treasury is empty, the gold reserves are exhausted. But, objectively speaking, they cannot fail to promise the people improvements. Do you agree? A government which promises nothing ceases to exist the next day.

And, further. In Russia the authorities have always been of advanced years. Those who have not passed the four-decade mark are looked on as boys and cause irritation.

"He is 35, and this boy will be in charge of me?! Never!" This is one reaction, but there is another also. The corps of deputies, if not young, is youngish compared with the past. If the premier is 35, we also, consequently, have a chance! I am 30. I am prepared to head a shadow cabinet. Some myth of the easy accessibility of the rungs of power is being created.

I consider a monstrous absurdity the fact that we cannot sum up what has been done by the Gaydar team with what was done, anticipating Gaydar's team, by Yavlinskii's team.

It is a nonsense that we cannot combine Petrakov, Shatalin, and Bogomolov with Volskiy and Gaydar. The caste nature and exclusiveness of the reformers could turn the reforms into their opposite.

It may be heard frequently: The government is working according to mathematical models, but it should be working according to life. And thank heavens that it is. There is nothing more rational in systems analysis than the mathematical model. It is important to understand

something else—a mathematical model is not, of course, extraneous to economics, and it was essential to begin with it, but it, the mathematical model, is built according to the classical component. And in world practice there is no such concept as mass theft. But there is with us! It is here that this very "plus-minus" begins.

[Grandova] Why, in your view, has the camp of democrats been abandoned by many who even recently were swearing their super-democratic convictions?

[Poptsov] Because winning elections was impossible by declaring that one was a reactionary! The concept "democrat" was used a kind of ticket and pass for the right to penetrate to the political Olympus. Having gotten there, many divested themselves of their camouflage robes. Others were democrats by mood. And this was the fashion.

[Grandova] RTR is frequently accused of being overly politicized. Is this a conscious concept of the company?

[Poptsov] Can you imagine a nationwide, state company outside of the policy of the president and parliament? I cannot.

On the other hand, this very "overpoliticization" is additionally explained by the difficulties which we are experiencing. Frequently in our fatherland we do not what is necessary but what circumstances compel. In creating RTR, lacking equipment, lacking resources (and the airwaves had to be filled), we employed the method of conquest of the airwaves which our meager possibilities allowed, and this was direct broadcasting. The lack of montage systems, figuratively speaking, pushed us out into the street. The airwaves were filled by "talking heads." It was spare and monochrome and lacked the fictional, stage-presentation, decorative component, in other words, all that makes television a spectacle. We could be reconciled to this at the first stage, but, having found our feet, putting up with this technical impoverishment is disgraceful!

A national company cannot be treated like this, it cannot! The government should understand this.

[Grandova] I wanted to ask a question about the "flash points," which you never pass up. And you are being reproached for this also: Russia has enough of its own worries, it is said, to be looking daily at the horrors of Karabakh or Kulyab. But you have partly answered this question.

[Poptsov] I can continue. Let us assume that RTR, "abiding by the working people's wishes," ends its coverage of the "flash points." And Ostankino describes them and has no intention of stopping. The viewer would see that it had things to say, but here, nothing. And would conclude: They are concealing the truth! There is always the danger in serving the momentary interests of politicians of being defeated in the field of information interests—people stop believing you.

And, besides, maintaining the capacity for compassion is a means of preserving a living soul. This is why we speak, this is why we show.

[Grandova] Oleg Maksimovich, you need not answer my question. In this case, excuse me. But I ask this: Does Yeltsin really not call you with direct or indirect requests, does he not put pressure on you? Do you not prepare his speech directly on the air for him?

[Poptsov] I report, as General Makashov likes to say: This is utter gibberish! While on the air (if this is not an official appeal to the people), the president has before his eyes practically no material. In addition, questions are never talked over with him beforehand. The anticipated topics of the discussion may be outlined merely: social protection, results of the congress, problems of the peasantry, alignment of political forces and so forth.

The nature of your question merely confirms my opinion—we are a blindered people. The image of a party leader practically incapable of improvisation has taken shape in our consciousness. Objectively speaking, Gorbachev also was a different kind of leader. As far as Yeltsin is concerned, garrulousness irritates him. He is specific in his speeches. A written text, if circumstances compel him to stick to this text, fetters him, it seems to me. Even visually his large figure does not accommodate itself to a written text. I believe that Yeltsin feels better in free flight. He is a person who is not without a sense of humor and irony. This always impresses journalists. And as far as instructions are concerned: Not once in the whole time that I have been chairman of the company has Yeltsin, or Khasbulatov either, incidentally, permitted himself to interfere in the work of radio or television. When we meet, the president expresses his feelings about this program or the other, but does so extremely tactfully. There are grievances also—a purely human reaction. Not the reaction of Yeltsin the top official, the reaction of Yeltsin the man.

[Grandova] We began to prepare this interview prior to the Seventh Congress. Have the pre-congress situation, the surprise dismissals on the eve of the congress, and the congress itself changed your views?

[Poptsov] If one congress could alter one's views, these are not views, consequently, but a mood.

As you recall, I told you: "The congress is unpredictable." The complexity of the corps of deputies' relations with the mass media could be manifested time and again. An astonishing desire to send it all to the devil's mother sometimes arises. And then I could in LITERATURNAYA GAZETA continue the series of political memoirs in the wake of Mikhail Poltoranin and Yegor Yakovlev.

[Grandova] Why were you not in the Editors' Club, which delivered on television a protest against Yegor Yakovlev's dismissal?

[Poptsov] Because no one invited me. I don't believe that Yegor Yakovlev, who had of late adopted a quite jealous, if not to say unhealthy, attitude toward the All-Russia Television and Radio Company, himself wanted this. I believe that those around him did everything to upset our good personal relations.

[Grandova] And your opinion of Yakovlev's dismissal?

[Poptsov] This was a wrong step on the president's part.

[Grandova] You believe that Yakovlev was really a man of the president's team?

[Poptsov] The president said once: "My electorate is my team." In this sense, evidently, it is. As for the rest, this is more a question for Yakovlev than for me. Speaking on the historical level, Yakovlev was nominated for the position of chairman of the Ostankino Company those August days by Mikhail Poltoranin. It was at that time, as you will recall, a period of a certain diarchy. The Union still existed, seemingly, and Gorbachev, who had returned from Crimean captivity, was attempting to resuscitate the image of presidential influence. Poltoranin knew that Gorbachev would support Yakovlev's nomination. Yakovlev was from the ranks of the Sixties people who had gambled on Gorbachev.

Yeltsin agreed with Poltoranin's proposal. That's the story.

And one further thought. I very often hear the exclamations of my chief editor colleagues. They are addressed, as a rule, to the personalities of the highest authorities: "We were the first to write about you. We noticed you first." This is dissembling, for the most part. Any political row is on a news level a commodity, and for this reason material on this political leader or the other pretty often does not accord either with the beliefs or the affections of the chief editor. At that time the row surrounding Yeltsin, say, was a sensation and worked for the popularity of the publication and its circulation. But this is by the by.

[Grandova] I would like to put a question to you as a political scientist and a deputy. What is happening at the congress is scary. What has happened to our democrats? Among those speaking at the congress, almost no one supported the policy of the government. May the congress be considered a political sensation with a minus sign?

[Poptsov] A sensation is always a surprise. In this sense the Seventh Congress and its atmosphere could have come as no surprise. Everyone was of the opinion that the congress would be difficult and dramatic even. The congress has coincided with the peak of the minus results of the reforms. Any reform necessarily has such a period. The old has been destroyed for it opposes and fetters the new, and the new has been sown, but is not yet bearing fruit. Whence the tactics of the forces opposed to the policy of the government: not letting this moment pass,

especially since the term of the supplemental presidential authority formally expired on 1 December.

And now let us talk about the miscalculations of the reform team at the congress itself. Not in the sense of the economic concept but from the standpoint of political strategy. Much is now being said apropos the unsuccessful report of the president. And, conversely, of the striking report of the speaker.

Khasbulatov, truly, delivered an impressive report. Whether this was a report on legislative backing for the reforms or the report of a leader summing up all opposition winds is another matter. The report was successful by virtue of the fact that it was delivered with a precise understanding of the mood of the hall. The report made it understood that there were in the hall two leaders.

The president's report was sustained in his usual style. Specific, quite restrained and, to put it no more strongly, spare in emotional delivery.

I had the impression that the president, as he was delivering it, did not himself like his report, whatever the president felt, this was sensed by the hall. But the miscalculation lay not only here. Any speech has its own logic and drama. The president was appealing, as it were, to the people, bypassing the hall, believing that it was futile trying to change the mind of the hall, by virtue of its aggressive mood. But it was this hall which was to have adopted the amendments to the constitution and confirmed the premier and the Government Act. And, in any case, a dialogue with the hall could have been the baseplate of such a speech. Changing the mind of the hall—such a task is absurd and impracticable, but shaking the hesitant core and affording it a "breathing space" was simply essential. No one could have done this work for the president.

Various views are held among those surrounding the president. I believe that at the sixth and seventh congresses the upper hand was gained by those who back in November of last year were urging Yegor Gaydar: "Parliament and the congress are temporary. The president and the government are permanent."

The president—who comes from the core of parliament—was always a categorical opponent of such views.

And Gaydar also, according to one implacable deputy, the least politicized member of the government, realizes that such a concept is no more than a political myth. His report at the congress, maximally polemicized overnight (he had to respond to Khasbulatov, and, to be honest, Gaydar took up the challenge), was geared to the professional part of the hall (the directors, agrarians, specialists). They heard him, it seems to me.

[Grandova] And what do you yourself consider permanent—parliament or president?

[Poptsov] I consider most stable and permanent the law. But I did not answer the first part of your question. The negative and aggressive homochromatism of those

speaking on the problem of economic reforms appeared strange to me also. There were among the speakers practically no deputies from factions supporting the reforms.

Everything has its consequences. The clashes and the brawl which broke out in the hall at the end of day three of the congress were the result of this ill-considered approach. Some deputies saw it as oppressive injustice. And the nerves of some gave way. Thus an outwardly eye-catching victory—the implacables insisted on a ballot—resulted in actual fact in an irreparable loss for the whole congress and its authority. The skirmish at the foot of the presidium cost the supporters of the reforms at least 30-40 votes. The unstable and impressionable core of the congress was dumbfounded and it swung over to the conservatives.

And now about the actual voting on the nine most important amendments to the constitution. As to why there was a ballot, you understand. Concentrated pressure could be exerted on the doubtful hitherto. The dark booth conceals everything—both thoughts and name. But a ballot is the most democratic form of voting, when you are alone with the question to which an answer has to be given. And what was the case previously, including your assurances, which you used as a political maneuver, could there, in the absence of strangers' eyes, result in reverse conclusions.

A complete identity of response to any step of an opponent is being revealed among the opposed forces at the congress, incidentally. If the democrats propose something, the instant command through the ranks of the conservatives is: Bring it down. And, conversely: Deputy Sayenko has proposed something, the democrats immediately buzz with a single breath—against. Something of the sort happened with the idea of the ballot also. I am sure that had there not been the brawl at the steps of the congress' Olympus, the short speech of the president would have had a greater effect on the apportionment of the vote. After he had announced the results of the ballot, Khasbulatov spoke the intelligent words: "Unless the government comprehends what has taken place, all that has happened could prove for it a Pyrrhic victory."

Lest they prove prophetic, the government has to accomplish the unthinkable. By spring to have markedly reduced the rate of decline in production and to have transferred the voucher process from the stage of the acquisition of the checks to their mass investment in a specific undertaking.

And, third, to have accomplished a sharp change in relations with parliament. In the first days of the congress I noticed one piece of reporting from Chelyabinsk. To a correspondent's question as to what the inhabitants of the city were expecting from the congress, five persons out of eight answered: Let the authorities cool down from fighting one another and make up.

They are not expecting laws or support of the government but peace between the authorities.

It is essential that the government become firmly convinced that Russia has no other parliament. It has to work with this one.

Behind the stormy polemics and skirmishes we can discern one further dangerous trend: The congress, in the grip of a desire to edge out the president and the government, has paid heed to the parliament, which pushed it onto this path, and the uncompromising Government Act, the amendments to the constitution, and the decision on the progress of the economic reforms rejecting the president's amendments—all this is creating an unwholesome situation not only for the government and the president. The congress could come to believe in its omnipotence and, being convened again, give battle to the parliament itself. Parliament does not sense and does not understand this danger as yet. But let us hope that its eyes are opened.

[Grandova] Forgive me if my last question appears to you embarrassing. Do you feel that you are under Yeltsin's influence or do you not feel this?

[Poptsov] As chairman of the Supreme Soviet, Boris Nikolayevich once offered me a position. I turned it down, telling him that I was not a retiree man. My response could have seemed offensive to Yeltsin, possibly, but he did not show this in the least, for which I am grateful to him.

Independence is meaningful not by its right to exercise dominion but by its right to be responsible. Having once opted for this path, I would not want to turn aside from it. For the editor of a journal or newspaper relations with the party authorities were never simple. All the best things were accomplished on the verge of a foul, in defiance. The authorities had to be outwitted. Today there is, perhaps, no need to dissemble, standing in the way of the pressure of political forces, deputies, factions and, yes, the executive—this is everything with us, as they say.

Am I under Yeltsin's influence? I am under the powerful influence of the fact that without reform transformations we have no future.

Party of Labor Official Analyzes Two Trends in Russian Society

934C0454A Moscow PRAVDA in Russian 28 Nov 92 p 2

[Article by Oleg Smolin, Russian people's deputy, chairman of the council of the Party of Labor: "Don't Pine for Pinochet!"]

[Text] Again and again, at meetings with constituents, while waiting in line, at a bus stop, or while engaged in table-talk, I hear one and the same thing: "When will this bedlam finally come to an end? We've had enough of fake

democracy! We're fed up! The only thing that can stop this outrage is a dictatorship!" And so on in the same spirit. What we are witnessing is an obvious turning away of mass consciousness from the democratic illusions of the period of the "fascination with the revolution" to authoritarian illusions of practically universal disappointment in it.

And there are things to be disappointed about. Almost all the noble and slightly starry-eyed slogans with which our revolution began were replaced by completely different ones that at times are completely opposite: instead of raising the standard of living—"shock therapy"; instead of social justice—the ostentatious luxury of the nouveaux riches and the bureaucratic upper crust against a background of poverty; instead of free labor—free entrepreneurship, often that is free of labor; instead of the worker's right to be the master of his enterprise—the right of the moneyed magnate to purchase that enterprise together with its workers; instead of noisy concern for retirees, the disabled, and large families—the declaration that social protection is practically the chief hindrance to the reforms; instead of the rebirth of culture—its unprecedented "massification"; instead of democracy—the preaching of "enlightened" authoritarianism.

Fortunately for the powers that be, during the era of crisis the nation is suffering from the "maiden's memory syndrome." Nowadays there are few who remember that popularity among the people was brought to the leaders of the interregionals and of "Democratic Russia" specifically by the fight for democracy, a fight that deserves respect. Alas, currently the former democrats are demanding with the same passion new additional powers for the president—powers of "administrative violence," an "iron hand," etc.

As early as the spring of 1992, on the eve of the 6th Congress of Russian People's Deputies, Sergey Shakhrai formulated the dilemma that, from his point of view, was confronting Russia: either an "authoritarian" presidential republic, or fascism. That dilemma is remarkable in two respects.

First, as we can see, this no longer has anything to do with democracy. It has become for us an "inadmissible luxury."

Secondly, it is difficult to believe that such a qualified individual as S. Shakhrai has failed to understand that authoritarian presidential power under our conditions is not salvation from dictatorship, but more likely a path toward it. Moreover, it is the shortest path in the event of any of the two possible scenarios for the development of events.

The first scenario is an election. It can be assumed that it is especially probable that the Russian nation, desperate as a result of the economic experiments and the collapse of the state system, will go to the polls and vote for a presidential candidate who is inclined toward the "administrative violence" that is dear to the heart of

Gavriil Popov (for example, will vote for V. Zhirnovskiy). In this instance the model of authoritarian presidential power that was included in the constitutional draft of that same S. Shakhrai is precisely the model that only such a leader can dream about.

The second scenario is a coup that relies upon military or other force. To the progovernmental mass media, the threat of this kind of coup can be seen in the "Red-Brown" (actually Red-White) opposition, or in Ruslan Khasbulatov. Needless to say, in the ranks of the opponents of the present government there certainly are people who are ready, in the event that anything happens, to overthrow it with the aid of violent actions. However, wanting is not enough. It is also necessary to be able. Probably the officers' assembly demonstrated like nothing else could the complete inability of the current army to carry out such actions. As for R. Khasbulatov, I will permit myself to recall that he is not the commander in chief, he does not appoint the minister of internal affairs, the minister of security, etc. The president of Russia was absolutely correct when, at a press conference devoted to the anniversary of the putsch, he stated harshly that Russia does not have any forces that are capable of carrying out a coup d'état. He was absolutely right with one exception. And that exception is the "team" of the president himself.

The factors that are urging the president of Russia to establish an openly authoritarian regime are: the obvious collapse of the "shock therapy" policy; the threat of the partial destruction of the Russian state system; the increase in the social and national tension; the uneven movement to the right of various branches of authority (the parliament in this sense is lagging behind the government); and, finally, the authoritarian traditions that became firmly established in the political culture of society and the personal culture of its leaders. In confirmation of this last factor, I shall cite only a few examples.

In the West the retirement of a government is an ordinary phenomenon. In Russia, however, on the threshold of the congress, the mass media report in horror the delegates' intention to "overthrow the government."

It is impossible to imagine that the president of the United States, France, or any other civilized country would threaten the deputies of the highest agency of state power by stating that he will never forget anything they have done or that "they should be dissolved." In exactly the same way, it is impossible to imagine a person close to the president, a person who occupies a state position that does not exist in the Constitution, threatening to "grind into powder," for example, a congress or national assembly.

Finally, it is impossible to imagine that, in a state that is law-governed to even the slightest extent, the minister of defense would interfere in the political relations between the president and the parliament.

Thus, even with the political scenario of a coup d'état, the most probable establishment of an authoritarian regime is precisely by the president's "team." And the greater the powers that the Constitution bestows on it, the more probable it is. It is precisely to the president that the authority's power structures are subordinate: the moral obstacles for illegitimate actions, all things considered, were passed long ago; as for the legal bans on dissolving the legislative authority, the very same Sergey Shakhrai proposed bypassing them by putting the illegal decision to dissolve the congress and the Supreme Soviet to a referendum.

It is interesting to note that the contradictions of parliament and the president are not as large as they are depicted. This is a kind of analogue of the differences in the "Democratic Russia" and "Civic Union" programs, the strategic goals of which coincide almost entirely (market capitalist economy); the things that differ are the means and deadlines for implementing them, as well as the social groups that are given the role of being the leader of the reforms. In the instance of "Democratic Russia" it is the new entrepreneurial structures (the "nouveaux riches"), the owners of the chiefly commercial comprador capital; but in the instance of "Civic Union," it is the director corps (the "technobureaucracy"), the owners chiefly of industrial, national capital.

The coincidence of the strategic goals of the president's "team" and the leaders of parliament, like the complaisance of the Congress of People's Deputies, which, time after time, gave Boris Yeltsin newer and newer powers, proves that the Russian legislative authority actually is not a hindrance to carrying out the reforms according to the Burbulis-Gaydar scenario and consequently the so-called salvation of the reforms by no means requires the dissolution of the parliament. For the most part, we deputies are not really so good as to deserve that honor—the honor of suffering for democracy.

Under these conditions, the opportunities for choosing a parliament come down to the old alternative: "to die standing up," having won the not completely deserved reputation of a defender of the interests of the nation, or "to live on one's knees," being increasingly changed into a simple appendix of the executive authority, into a mechanism for approving its illegal decisions, like the pre-perestroika Supreme Soviet. Probably the optimal alternative would be a reelection both of the president and the parliament, with the presidential reelection being first, since, having left the domestic executive authority without any supervision, the country obtains a good chance of waiting a very long time for the next parliamentary election, or to obtain a rapid parliamentary election under conditions of a state of emergency. I shall not attempt to predict what the parliament will choose, but most likely the interests of self-preservation prevail, as a consequence of which there will be a final fall in the rating of the legislative authority and, together with it, the rating of democracy in general.

It is time, however, to return to the beginning. The turning away of mass consciousness from democratic illusions to authoritarian ones ineffably facilitates for the executive authority the procedure of liberation from the legislative authority. Under conditions when the constant blather and the political squabbles that are almost inevitable in the parliament, against the background of universal collapse, have made the population sick and tired of the whole situation, an authoritarian regime can be introduced, so to speak, in accordance with the workers' requests, by manipulating public opinion at the referendum.

The introduction in Russia of a regime of personal power is also facilitated by the fact that broad segments of the population make no distinction between a dictatorship of the leftist and rightist persuasion. And yet, despite the similarity of methods, the differences between them are cardinal. Whereas a leftist dictator rests upon state property, suppresses entrepreneurship in general and the "shady" economy and speculation in particular, and introduces more or less egalitarian distribution, a rightist dictator is just the opposite: he rests upon private property-owners, encourages any kind of entrepreneurship (including the "shady" economy and speculation) and declares unlimited social inequality to be the norm, and a natural and chief condition for progress.

When the pendulum of the so-called second Russian revolution began to move to the right, its leaders dethroned the "communist" dictatorship. However, later on, when that pendulum passed the center and continued its headlong movement, those same leaders began directly or indirectly to extol the South Korean, Chilean, and similar dictators of the rightist persuasion. At the 2nd Congress of Russian People's Deputies, having heard, in passing, for the first time the well-wishing comment concerning Pinochet that was cast by Boris Yeltsin (who at that time was still the Chairman of the Supreme Soviet), I did not attach any great importance to that. Against the background of the extolling of Stolypin's policy by Ivan Silayev, who was then the prime minister of the Russian government and a member of the CPSU Central Committee, and the proclaiming by Silayev of the "sanctity" of private property, it was no longer possible to surprise us with anything. However, when the Augusto Pinochet who was being cursed by the Chilean democrats became, unexpectedly for himself, practically a hero of the Russian democrats, it became clear that we were dealing not with an isolated case, but with a phenomenon.

And so we observe two opposing tendencies: the striving of the "upper classes" to legalize in more or less decorous forms the dictatorship of commercial-bureaucratic capital and the nostalgia of the "lower classes" for a "firm hand" that would defend them against that capital. However, whereas the former know what they want, the latter are in part disoriented: they constantly hear that the communist model led the country in the final analysis to the crisis, while Pinochet led Chile out of the crisis. True, people "forget" to remind them that, first,

during that process thousands of people perished; that, secondly, during the first years of Pinochet's rule the country was reduced almost to complete poverty; that, thirdly, at the present time Chile is prospering when judged by Latin American standards, but definitely not when judged according to European or North American ones; and that, fourthly, and finally, the "shock therapy" model that is more or less suitable in small Chile is completely inappropriate in Russia.

No, my dear countrymen, surviving comrades, and newly fledged gentlemen (thank God if they are not poor gentlemen)! Believe the opponent of any dictatorship and a specialist whose unhappy forecasts up until now, unfortunately, have come true: everything will be precisely the other way around. Democracy, even in its current castrated version, is incomparably better than the strong and "healthy" dictatorship of commercial-bureaucratic capital.

Don't pine for Pinochet: he will shed blood, will completely ruin the economy, and will turn the country into the backyard of civilization.

Don't pine for Pinochet: his shadow is already looming over Russia. But if your wishes can help it to acquire flesh and blood and if, in the final analysis, you see the true face of the person upon whom you have placed so many hopes, you will shudder in horror. But then it will already be too late.

'Free Russia' Party in Run-Up to Congress

934C0453A Moscow NEZAVISIMAYA GAZETA
in Russian 21 Nov 92 p 2

[Article by Yelyena Tregubova: "Not Every Member of NPSR Knows Where Rutskey Is Leading Him"]

[Text]

PARTIES

Members of the "Free Russia" People's Party [Narodnaya Partiya "Svobodnaya Rossiya"—NPSR] who live on the territory of Yuzhnaya Prefecture of the city of Moscow were surprised to learn at their last session, that the NPSR will take part in the "Congress of Leftist Forces" (together with the Socialist Labor Party and the Labor Party).

"The far-left wing is 'DemRossiya' [Democratic Russia], the far-right—Anpilov. Comrade Yeltsin is still a little to the right of 'DemRossiya.' It is now acceptable to call our party and 'Civic Union' [Grazhdanskiy Soyuz—GS] centrist. But GS is nevertheless to the right of the center, and closer to Anpilov. But the congress of 'leftist' forces is as close as possible to 'Civic Union.'"—the assembled NPSR-ites attempted to orient themselves on the political continuum. And having done so, they declared almost unanimously, that: "If they were to the left of Yeltsin, then we would have gone to the congress; but if to the left of the fascists, then they would not."

The perplexity of the "ordinary members" with respect to the "leftist congress" extended also to the decision of the NPSR leaders to support the economic program of "Civic Union." They acknowledged that both were a retreat from the initial program of the party, in which they unequivocally supported the most radical reforms in the economy and in politics. NPSR activists recalled that "Civic Union was in general formed out of nothing since only a congress has the right to make a decision to join any sort of bloc, but not the board of the NPSR, as it took place."

Mikhail Denisenko, one of the coordinators of the regional NPSR organization, acknowledged that he, just like many of his party comrades, had not had a chance to read the economic positions of Civic Union, but "if one can believe IZVESTIYA, they contradict the basic principles of 'Free Russia' in a big way."

On the other hand, another participant at the gathering, Professor Viktor Butoshin, was well acquainted with "Volskiy's program." After showing his friends the turn-about of RABOCHAYA TRIBUNA, where there was no space left because of the red ink, he declared: "Now this is the program. I have emphasized what I categorically disagree with."

Calling the Civic Union program, "a program of nomenklatura foxes," Butoshin summed up: "I too am a director, but one has to have a conscience!"

Oleg Pchelintsev, one of the drafters of the program who came to the meeting, was also unable to convince the assembly that "we live badly not because the reforms have slowed down, but because their pace is too great," and the fact that private ownership of land is "an unacceptable monopoly."

Nor was the assembly impressed with the warning that "DemRossiya" is calling upon the President to declare a state of emergency and to take strong militarized measures."

They decided to draw up their own conception of economic reforms (distinguished from the government reforms "in the direction of radicalization") and to seek friendship with RDDR [Russian Movement for Democratic Reform], the republicans and DemRossiya, and not only with the "socialists themselves."

Nor was Party President Aleksandr Rutskey forgotten by the rebellious NPSR-ites: In their words, "the vice-president began to split hairs in the eyes of the remaining members" (as it was told, there were about 170 people left in the Moscow organization of the "People's Party," one-fourth of whom live right in Yuzhnyy Okrug).

One of the speakers assured his colleagues that "the vice-president's maneuvers not only do not coincide with the policies of the President, they do not coincide with the line of his own party as well."

Only a representative of the youth alliance of NPSR was able to speak of the vice-president with understanding.

"He, of course, is an abrupt fellow...but this too is understood—he is waging war!"

But, in spite of this, they decided to make it appear that the party chairman was cut off from the people, and to demand an NPSR party conference in December where, perhaps, they could elect the entire leadership anew.

It is true that NPSR activists displayed much greater patience for the local apparatus, having decreed increasing the dues for the Yuzhnyi district coordinating council, "in connection with inflation." However, the "NG" correspondent was unable to ascertain the amount of the former dues, nor the new dues. The party rank-and-file merely laughed it off: "No matter how much, it is better than 3.0 percent!"

Report on Left-Wing Democratic Forces' Congress

934C0487A Moscow NEZAVISIMAYA GAZETA
in Russian 1 Dec 92 pp 1, 2

[Article by Anna Krayevskaya under "Parties" rubric: "The Left Had Its Own Understanding of What 'Leftism' Was...but Opponents at the Congress of Left-Wing Democratic Forces Were Also Able To Cooperate"]

[Text] The Congress of Democratic Left-Wing Forces, about which "left democrats" had been unable to come to an agreement for a considerable period of time (approximately since spring), took place all the same November 28-29. At it, the "Concord of Democratic Forces" was founded. The Great Hall of the Parliament Center was filled with more than a thousand "freely-defined" left-wingers—from communists to social democrats. Yet, while still in the preparation period, it became clear that the various political structures that took part in the organizational committee's work viewed the congress' results in different ways. The Social Party of Workers (SPT), which took upon itself the bulk of the organizational work, felt that the organization that would appear should be at least super-, rather than inter-party, but with enough structure to be capable of speaking in the name of the "left flank" both with the government and with the political forces that oppose it. Vice Premier Georgiy Khizha was invited to the congress by SPT leaders. And as Gennadiy Sklyar, SPT co-chairperson, told an NG [NEZAVISIMAYA GAZETA] correspondent, Khizha had expressed his willingness to come, but illness prevented his displaying civil courage and appearing before the congress' delegates. The idea of uniting the democratic left was also supported by Ramazan Abdulatipov, Russian Federation Supreme Soviet Chamber of Nationalities chairman. Yuriy Voronin, Supreme Soviet deputy chairman, Nikolay Ryabov, Republic Chamber chairman and about 50 other people's deputies also attended the forum.

Representatives of the Social Democratic Party and the Labor Party suggested that, on the contrary, for now

"something like an informal club for left-wing intellectuals" should be created, not a "DemRossiya-2" for the left-wing.

The organizational committee was also criticized from the other side, close to the "purple" movement "Labor Russia" [LR]. The leader of the neo-Komsomolites, Igor Malyarov, a member of LR's coordinating council who did not obtain speaking time at the congress, announced that "it would befit the democratic left-wings to meet closer to the enterprises, maybe even on the street. A luxurious hall is more likely to divide the large congress than uniting it."

However, the presidium did not give one of the leaders of the National Salvation Front (FNS), Constitutional Democrat Chairman Mikhail Astafyev a chance to speak, either, who felt that he had been affected by "frontists'" charges of extremism issuing from the lips of People's party "Free Russia" member Grigoriy Vodolazov.

As Gennadiy Sklyar believes, there is no symbolism in either objection: "Malyarov and Astafyev imposing themselves as orators upon the presidium simply caused some unpleasantness."

To an onlooker, the congress demonstrated several things—first, a crisis in left-wing democratic values. Even the three key words declared to be the motto of the meeting: "Freedom, Justice, Creation,"—evoked furious argument. Some, the more "crimson," felt that the reactionary slogan of "freedom" should be replaced with "socialism," while others felt that "creation" needed to be changed to the revolutionary anarchist "solidarity." And this is not even considering the more large-scale ideology. On the difference in mental level, a worker author criticized the "wishy-washy, three-times sold-out intelligentsia," culturalist Noy Zlobin recalled that it is none other than the Kuzbass miners that are now travelling across all of Russia to terrorize the deputies to the 7th Congress; the hall "clapped up" Vodolazov with his critique of Stalin, and applauded the slogan of the restored RSFSR communist party, which was provocatively thrown out by Andrey Isayev, chief editor of the labor union newspaper SOLIDARNOST—"to see how people would react." Isayev noted that, from his point of view, the "gaping emptiness on the left flank must be filled not with the aid of restorative communist mottos, but with the guidance of the ideas of democratic socialism and laborism."

Conditionally speaking, the majority of the congress was made up of commune patriots. Although they did vote for all the resolutions proposed by the presidium (it is true, insisting that hitherto demands included in them that the government step down be absent), however, they turned out to be clearly further to the left than the congress' organizers would have hoped.

In addition to this, the "social democrats" and "laborers," who are much closer to the SPT in their views, voted against it, and made an announcement under the

curtain that Roy Medvedev, SPT co-chairman, characterized as "an expletive that we cannot respond to."

However, the next day, when the "round tables" on economic and political problems took place, the previous day's opponents cooperated peacefully. And so, perhaps, it worked out the emptiness "left, closer to the center" was actually filled by a functioning bloc.

Proceedings at Economic Freedom Party Congress Reported

934C04904 Moscow IZVESTIYA in Russian 8 Dec 92
Morning Edition p 2

[Article by Mikhail Berger: "Borovoy's Party Adopts Program and Elects General Secretary"]

[Text] Last Saturday in Moscow, the first congress of the Economic Freedom Party (PES) took place. According to an announcement made by party leaders, today it numbers over 200 thousand people. If one does not doubt the figures cited, the PES can be added to the list of Russia's largest parties.

Interest in political power has sprung up among Russian businessmen at almost the same time that the first serious capital did. This is not an interest in politicians, through whom it might be possible to influence events and the adoption of decisions in certain channels, but an attempt to enter the power structures in one capacity or another.

One of the first to express that intention was the well-known businessman, Konstantin Borovoy, who announced in spring of this year the creation of the Economic Freedom Party. At first, it is true that this was perceived as the birth of some sort of new commercial structure, in the creation of which Borovoy has had much successful experience. The name of the party, which looks more like a publicist's article, also reflects a certain amorphous quality to its social roots. The party's slogan—"prosperity through free labor"—says absolutely nothing and in almost no way differs from the old, familiar ones like "everything for the good of man." However, the active party work carried out by ophthalmologist Svyatoslav Fedorov as co-chairman, the appearance in PES ranks of constitutional democrats, Borovoy's participation in the fight for a deputy mandate in the Russian Parliament give some basis to believe that we are, after all, dealing with a political organization.

Judging by the list of congress participants, by the character of the speeches and a series of other indirect indicators, one can assume that the PES is an organization of mid- and upper-level businessmen and the liberal intelligentsia.

The party is sufficiently large and, most importantly, substantial to create capable organizational structures, without which it will be difficult to count on any

significant achievements at the elections to the representative organs of government. And that is exactly the goal that the PES, just like any normal parliament-type party, has set for itself.

Besides this, the congress found a few extremely strange characteristics in the new politicians, about which one cannot remain silent. The solemn opening of the congress (that was exactly how it was referred to in the agenda), the welcome speeches of friendly parties and organizations, the seemingly chance proposals from the presidium hall, the establishment of the post of PES general secretary (who was Irina Khakamada)—all of this was very much associated with congresses of other parties and organizations of a far from parliamentary type. It only lacked the joyful pioneer greetings.

A certain disharmony between the party slogans that decorated the hall and the stated goals was also disturbing. One of them, for example, declared that the PES meant new jobs and a lid on price hikes. These are not bad ideas, but they are more suitable for organizations of a socialist bent than for one that declares itself to be the first real liberal party. If we count all of that as annoying misunderstandings, then we can say that we are dealing with a normal bourgeois party with the goal of developing economic freedoms and strengthening the institution of private property and civil rights.

Officials Debate Nationalities Policy

Strong Center Favored

934C04454 Moscow ROSSIYSKAYA GAZETA
in Russian 1 Dec 92 p 4

[First of two articles, the opinions of Ramazan Abdulatipov and Vladimir Lysenko, prepared by Pavel Anokhin: "Ramazan Abdulatipov, Chairman of the Council of Nationalities of the Russian Parliament: 'The People's Revival Begins With Consolidation'"]

[Text] If we are speaking of Russia's nationalities policy, we need to proceed from the agreement which has been reached in the Russian Federation. At a time when certain countries of the former Union were turning to civil wars, Russia signed the Federal Treaty, which defines the terms of reference of the center and the subjects of the Federation.

It is not being properly developed today, unfortunately. It is being combated on the one hand by unitarists advocating a supercentralized state and, on the other, by separatists and nationalists.

In turn, certain republics are continuing to hold on to authority which should be delegated to the center. More, while demanding for themselves some additional powers, they do not know how to, cannot realize even those which they have.

We frequently hear: The Russian leadership has no concept of a nationalities policy. Unfortunately, many

deputies and government officials have not taken the trouble to familiarize themselves with the concept of the State Program of National Revival of the Peoples of the Russian Federation, approved by the Council of Nationalities of the Supreme Soviet of Russia. It is geared to the revival and renewal of the national life of the peoples of Russia as an inalienable component of the shaping of the civil society and the formation of a state based on the rule of law. We see as national revival a combination of the national idea and interests common to all mankind and democratic reference points. In my opinion, this is possible only given the preservation of the integral Russian federal state and fair national representation in the authorities at various levels. The idea that the revival of any nation begins with consolidation is axiomatic.

I would like to emphasize my understanding of the Russian Federation's nationalities policy with a vision of the main interethnic problems. We said a great deal about the nations for decades, but we underestimated their role as a most important structural component of the multinational state. We were unable to create and adjust that specific mechanism which ensures for each nation the possibility of expressing its distinctiveness, asserting its own identity, and preserving itself as a nation.

The state in a multinational society cannot stand above the nations, as some politicians are maintaining even now. While creating the conditions for their normal functioning, it should be not unitary, but truly federal in practice. The idea of the composition of the state not on a national-ethnic, but on a territorial, basis is a good one at first sight. But we have a very long way to go to realize it. We need to proceed toward the priority of the rights of the individual, but without infringing national interests. It is for this reason that I perceive the Federal Treaty as our common victory.

The cornerstone of Russia's nationality policy is, in fact, the so-called Russian question. At least 25 million Russians living outside Russia lost their fatherland after the disintegration of the USSR. This is an entire human tragedy. I have said repeatedly that the well-being of the Russian nation determines the well-being of the other peoples. Fortunately, not only representatives of the national minorities, but Russians themselves, have begun to understand this today.

I share the positions of the politicians who believe that Russia cannot be indifferent to a violation of the rights of the Russian-speaking population in other republics.

It is necessary to proceed in the determination of nationalities policy from the fact that historically the Russian state took shape as a state of dozens of peoples and several religions, not simply as a Slav or Christian community. Russia is a state not only of the Christian but also the Muslim and Jewish religions.

Russia's nationalities policy is being further aggravated unfortunately, by the fact that as a result of insufficiently well-considered transformations, power has become weak.

The executive, which is intended to ensure compliance with the laws and the Constitution—we do not have such, unfortunately. Instead of going about its direct business, it has begun to promulgate its own laws and to live a life of its own. Parliament's activity is being blocked mainly by the fact that the laws are not being executed. What is the point of promulgating another law or edict if those which have already been promulgated are not working?

Center's 'Neutrality' Urged

934C0445B Moscow ROSSIYSKAYA GAZETA
in Russian 1 Dec 92 p 4

[Second of two articles, opinions of Ramazan Abdulatipov and Vladimir Lysenko, prepared by Pavel Anokhin: "Vladimir Lysenko, Deputy Chairman of the State Committee for Nationalities Policy of the Russian Federation: 'The Federal Center Should Observe Neutrality'"]

[Text] The nationalities policy of the Russian Federation was formulated in the concept devised by the State Committee for Nationalities Policy and discussed in the government of Russia this summer. It defines as its strategic task transition in the future from a national state to the territorial principle of composition of the Federation. The concept clearly emphasizes the impossibility of realization of the peoples' right to self-determination in isolation from two other most important principles recorded in international documents. These are observance of human rights and the inviolability of borders.

But it is necessary today to speak of the nationalities policy not so much of the distant future as of the most complex transitional period in which our country finds itself. The centrifugal trends which commenced with the disintegration of the USSR could lead to the disintegration of the Russian Federation.

Hence the main goal of Russia's nationalities policy for the coming years is preservation of the Russian Federation democratically. We need not to be building grandiose castles in the air, but paying the main attention to the preservation under the most complex conditions of the state which was inherited from coming [as published] generations.

Proceeding from this, the following may be identified as the main tasks of the nationalities policy of the Russian Federation in the transitional period:

1. Preventing the interethnically most complex regions (the North Caucasus, the Volga region) from becoming a permanent factor of destabilization of the social and political situation in the Russian Federation

2. Preventing geopolitical changes in the regions which are irreversible and unpleasant for Russia.

It is essential for the accomplishment of these goals to observe the following priorities:

- the neutrality of the federal center in interethnic conflicts;
- a renunciation of the revision of borders and a moratorium on the formation of new subjects of the Federation by way of the detachment of the existing subjects;
- a contribution to the stabilization of political elites in the republics, promoting to the leadership thereof entrepreneurs, directors, and moderate leaders of national movements;
- the transfer of territories disputed by subjects of the Russian Federation to temporary federal administration;
- prevention of the substitution for the current authorities of all public organizations;
- prevention of the coalescence of state and criminal-mafia structures in the national-state formations.

For the accomplishment of these tasks and priorities, a well-oiled mechanism of the elaboration, adjustment, and realization of a nationalities policy is essential today, not a multitude of inadequately linked decision-making centers, responsible for absolutely nothing, as was the case until recently.

The following is my idea of such a mechanism:

1. The strategic policy contained in the Federal Treaty is guaranteed by the president and parliament of Russia.
2. The legislative basis of nationalities policy and supervision of its realization are exercised by the Supreme Soviet of the Russian Federation.
3. Russia's nationalities policy is devised by its president and the government, within the framework of the Federal Treaty, the Constitution, and the laws of the Russian Federation.
4. National priorities affecting the security of the Russian Federation and its citizens are a field of the activity of the Security Council of Russia.
5. The State Committee for Nationalities Policy of the Russian Federation should be responsible for the specific formulation and implementation of the common policy line of Russia in interethnic relations.
6. At the level of the republics, krais, oblasts, and autonomous okrugs, Russia's nationalities policy is realized by the highest legislative and executive authorities of the subjects of the Federation.

Today, the success of the nationalities policy will be determined by the concerted actions of the legislature and the executive.

Directive on Preparation for Year of Indigenous Peoples

935D01524 Moscow ROSSIYSKIYE VESTI in Russian 28 Nov 92 p 5

[Directive of the President of the Russian Federation: "On Preparations for Conducting the International Year of Indigenous Peoples of the World"]

[Text] Guided by UN General Assembly Resolution (45/164 of 18 December 1990) on proclaiming the year 1993 as International Year of Indigenous Peoples of the World, in preparations for and conduct of which in this connection a complex of measures shall be taken on a national level:

1. To create a National Organizational Committee for Preparation and Conduct of the International Year of Indigenous Peoples of the World the membership of which shall be in accordance with the attachment (subsequently, the Organizational Committee).

To confirm Sergey Mikhaylovich Shakhrai, deputy chairman of the Government of the Russian Federation, as chairman of the Organizational Committee.

2. The Organizational Committee shall, with the participation of representatives of indigenous peoples, within a one-month period draw up and submit to the Government of the Russian Federation a comprehensive plan of measures for the preparation and conduct of the International Year of Indigenous Peoples of the World.

The Organizational Committee shall be charged with the function of coordination and control over realization of the comprehensive plan of measures.

3. Interested ministries and departments, governments of the member-republics of the Russian Federation, organs of the executive powers of krais, oblasts and autonomous formations, on whose territory indigenous peoples dwell, shall carry out the necessary work connected with realization of the plan of measures for preparation and conduct of the International Year of Indigenous Peoples of the World.
4. The Ministry of Internal Affairs of the Russian Federation shall inform the UN Center on Human Rights, the coordinator of the International Year of Indigenous Peoples of the World, of the plan for national measures and the course of its realization.

5. The Ministry of Internal Affairs of the Russian Federation shall conduct negotiations with the UN on rendering to Russia consultative and technical assistance in preparation for and conduct of the national measures.
6. The Government of the Russian Federation, interested ministries and departments shall stipulate the financial and material-technical support in the conduct of the International Year of Indigenous Peoples of the World.

[Signed] *President of the Russian Federation B. Yeltsin*
8 November 1992 No. 661-rp

Attachment to Directive of the President of the Russian Federation of 8 November 1992, No. 661-rp

MEMBERSHIP of the National Organizational Committee for Preparation and Conduct of the International Year of Indigenous Peoples of the World

Chairman of the Organizational Committee

Sergey Mikhaylovich Shakhrai, deputy Chairman of the Government of the Russian Federation

Deputy Chairmen

Vladimir Petrovich Kuramin, chairman of the State Committee of the Russian Federation on the Socio-Economic Development of the North

Yevdokiya Aleksandrovna Gayer, deputy chairman of the State Committee of the Russian Federation on the Socio-Economic Development of the North, general secretary of the International League for the Restoration and Development of Small Nations

Sergey Viktorovich Lavrov, deputy minister of foreign affairs of the Russian Federation

Vladimir Yefimovich Seryakov, deputy chairman of the State Committee of the Russian Federation on National Policy

Members of the Organizational Committee

Yeremey Danilovich Aypin, representative of the President of the Russian Federation in Khanty-Mansiysk Autonomous Okrug

Mikhail Ilich Alekhin, first deputy minister for social defense of the populace of the Russian Federation

Vyacheslav Ivanovich Bakhmin, director of the department for international humanitarian and cultural cooperation, MFA [Ministry of Foreign Affairs], Russian Federation

Vadim Petrovich Demin, deputy minister of culture of the Russian Federation

Bela Anatolyevna Denisenko, first deputy minister of health, Russian Federation

Vladimir Mikhaylovich Yetylen, president of the Association of Autonomous Okrugs, Russian Federation

Vlail Petrovich Kaznachayev, director of the Institute for Clinical and Experimental Medicine, SO RAMN [Siberian Department, Russian Academy of Medical Sciences], chairman of the Siberian Association of Ecology, "Sibeko"

Valeriy Fedorovich Kolosov, first deputy minister of labor, Russian Federation

Fedor Fedorovich Metlitskiy, general director of the Union of Public Ecological Funds of Russia

Izosim Pavlovich Molchanov, deputy minister of finance, Russian Federation

Vladimir Petrovich Neroznak, first deputy chairman of the Russian International Fund for Culture

Vladimir Borisovich Novichkov, first deputy minister of education, Russian Federation

Semen Yakovlevich Palchin, chairman of the board, Fund for the Survival and Development of the Economy and Culture of Small Nations of the North

Vasiliy Ivanovich Romanov, deputy chairman of the Federation of Independent Trade Unions of Russia

Yuriy Aleksandrovich Samar, president of the Fund for the Small Nations of the North

Vladimir Mikhaylovich Sangi, president of the Association of Small Nations of the North

Aleksandr Petrovich Sudakov, deputy minister of the press and information, Russian Federation

Aleksandr Nikolayevich Tikhonov, deputy minister of science, higher schools and technical policy of the Russian Federation

Boris Aleksandrovich Uspenskiy, first secretary of the Union of Artists, Russian Federation

Isidor Afanasievich Filippov, minister for affairs of small nations of the Republic of Sakha (Yakutiya)

Andrey Georgievich Shapovalyants, first deputy minister of the Economy of the Russian Federation

Decree on Changes to Decree on Amnesty

935D0146A Moscow ROSSIYSKAYA GAZETA
in Russian 21 Nov 92 p 1

["Decree of the Russian Federation Supreme Soviet 'On Changes to the Decree of the Russian Federation Supreme Soviet "On Amnesty" Dated 18 June 1992""]

[Text] In connection with questions arising in practical work in complying with the 18 June 1992 Russian

Federation Supreme Soviet decree "On Amnesty," the Russian Federation Supreme Soviet decrees as follows:

I.

To make the following changes and amendments to the 18 June 1992 Russian Federation Supreme Soviet decree "On Amnesty" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII No. 27, 1992, item 1565):

1. In subclause "a" of Clause 10, the words "for a period of more than five years" shall be replaced with the words "shall not fall within the effect of Clause 2 of this Decree."
2. The words "Clause 'c' of Article 240" shall be added to the list of articles cited in subclause "a" of Clause 11.
3. In Clause 13, after the words "(Article 188 of the Russian Soviet Federated Socialist Republic [RSFSR] Penal Code)" the words "and also from location of exile (Article 188 of the RSFSR Penal Code)" shall be added.
4. The words "on the territory of the Russian Federation" shall be deleted from Clause 14.

II.

This Decree shall enter into force from the moment of publication.

(Signed): R.I. Khasbulatov, Chairman of the Russian Federation Supreme Soviet.

Member, House of the Soviets of Russia

18 November 1992

X-33092

Edict on Presidential Certification Commission

23 (20) (1992) Rossiyskaya Gazeta

16 December 1992, p. 5

[Edict of the President of the Russian Federation: "On the Russian Federation Presidential Supreme Certification Commission"]

[Text] In order to ensure the necessary level in the preparation of proposals for the President of the Russian Federation concerning the disposition of leading personnel, including experts from among civilians in the Russian Federation Ministry of Defense, the Russian Federation Armed Forces, the Russian Federation Ministry of Security, the Russian Federation Ministry of Internal Affairs, and the Russian Federation Foreign Intelligence Service, I decree as follows:

1. To create a Supreme Certification Commission under the President of the Russian Federation to draw up proposals on the disposition of leading personnel, including experts from among civilians in the Russian

Federation Ministry of Defense, Russian Federation Armed Forces, Russian Federation Ministry of Security, Russian Federation Ministry of Internal Affairs, and Russian Federation Foreign Intelligence Service.

2. To establish that the main tasks of the Supreme Certification Commission under the President of the Russian Federation shall be the following:

- drawing up basic normative documents on procedure for the selection, review, and appointment of leading personnel, including experts from among civilians in the Russian Federation Ministry of Defense, Russian Federation Armed Forces, Russian Federation Ministry of Security, Russian Federation Ministry of Internal Affairs, and Russian Federation Foreign Intelligence Service;

- coordinating work to prepare proposals on conferring the military ranks of general and admiral;

- exercising control and periodically checking the activity of the central certification commissions in the ministries indicated;

- ensuring checks on the efficient use of the officers corps of the Russian Federation Ministry of Defense, the Russian Federation Ministry of Security, and command personnel of the Russian Federation Ministry of Internal Affairs, and of those attached to the highest organs of state power and to civilian ministries, departments, and organizations;

- participating in drawing up draft legislative and executive documents in matters pertaining to the service of officers, generals, and admirals and the work of leaders from among civilian personnel in the Russian Federation Ministry of Defense, the Russian Federation Armed Forces, the Russian Federation Ministry of Security, the Russian Federation Ministry of Internal Affairs, and the Foreign Intelligence Service;

3. To assign leadership of the Supreme Certification Commission under the President of the Russian Federation to the secretary of the Russian Federation Security Council Yu.V. Skokov.

4. The Secretary of the Russian Federation Security Council Yu.V. Skokov shall within 10 days submit proposal on personnel and a Provision on the Supreme Certification Commission under the President of the Russian Federation.

(Signed): B.Yel'tsin, President of the Russian Federation

Member, the Kremlin

17 December 1992

X-1155

Chairman of Election Commission on Changes in Election Law

934C 0427B Moscow ROSSIYSKAYA GAZETA
in Russian 24 Nov 92 p 1

[Interview with Vasily Kazakov, chairman of the Central Electoral Commission for Elections of People's Deputies of the Russian Federation, by ROSSIYSKAYA GAZETA correspondent Sergey Kornilov in the "Competent Opinion" column, place and date not given: "The Referendum: A Two-Edged Sword"]

[Text] A few days ago the Russian Supreme Soviet adopted the law "On Changes in, and Additions to, the RSFSR Law 'On Elections of RSFSR People's Deputies,'" which, in addition to bringing the text of the law in line with the terms and names that have entered our life during the past three years (the law was adopted in 27 October 1989), includes some new norms.

Our correspondent interviewed Vasily Kazakov, chairman of the Central Electoral Commission for Elections of People's Deputies of the Russian Federation.

[Kornilov] What necessitated the changes in the voting quotas?

[Kazakov] This is related to nonparticipation in the elections. Of the 11 elections of Russia's people's deputies held this year, deputies were elected in only three districts.

The law held that in order to recognize the elections as valid, participation of no less than 50 percent of the total number of registered voters is required, and in order to elect a people's deputy, no less than 50 percent of votes of those participating in the voting. The new law does not establish a participation threshold as a condition of recognizing the election's validity, and sets the norm for electing a deputy at no less than 25 percent of the total number of registered voters.

[Kornilov] Vasily Ivanovich, the election for people's deputy recently held in Krasnodar Kray was declared invalid because only 37 percent of the voters showed up at the voting booth. Nevertheless, tell us how those who did participate voted.

[Kazakov] The figures are interesting. Nikolay Kondratenko, the former chairman of the kray soviet, received 64.4 percent of the vote, while Aleksandr Zhdanovskiy, the current chairman, received 17 percent. Konstantin Borovoy, with all his activism and financial support, received 7.3 percent of the vote, and former KGB General Oleg Kalugin, 3.5 percent. The new legislative norm would have prevented any of the contenders from becoming a deputy, too, but Kondratenko's chances are better than those of others.

[Kornilov] One more question. The mass media reported that by 18 November the necessary 1 million signatures had been collected in support of the referendum on a constitutional amendment giving individuals the right to

buy and sell land. Would you comment on the results of this signature collection campaign?

[Kazakov] In my opinion, this campaign was more of a propagandistic and political nature, rather than a legal one. It is still too early to talk about the results. We have to carefully check whether the procedures envisaged by the Law on the Referendum have been observed. For instance, the procedures for electing members of initiative groups. The law stipulates that their election must be recorded in the protocols of the voters' meetings (with at least 300 participants), that they have documents certified in rayon soviets authorizing them to engage in these activities, and so on. The law does not recognize xeroxed forms for signature collection, neither does it envisage collection of signatures by mail, since members of initiative groups have an obligation to verify the passport information of the signatories.

The most important part, in my opinion, is that holding a referendum will require several billion rubles. The election campaign in Krasnodar Kray cost more than 10 million. Also, in order for a new constitutional norm to be adopted through a referendum, it needs to be supported by two thirds of the Russian voters. This is unlikely. If less than two-thirds vote for it, however, the lawmakers will be forced to take out of the already adopted current legislation the norms related to buying and selling land (house-adjacent) plots. This, again, will set us back.

[Kornilov] When can we expect the results of the evaluation of documents related to signature collection in support of the referendum?

[Kazakov] It is hard to answer this question, because the Supreme Soviet Presidium has not yet received the signature lists or the lists of members of all initiative groups.

Edict on State Oversight Service

935D0144C Moscow ROSSIYSKAYA GAZETA
in Russian 20 Nov 92 p 4

["Edict of the President of the Russian Federation 'On State Oversight Bodies'"]

[Text] In order to strengthen the role of the federal oversight bodies under conditions of the deepening economic reform, and in order to improve their effectiveness, I decree as follows:

1. As an amendment to Edict of the President of the Russian Federation dated 30 September 1992, No. 1147, to establish that Russian federal oversight also extends to the organizational-legal forms of the central organs of federal executive power:

Russian federal oversight shall exercise state normative regulation in matters pertaining to ensuring safety falling within its competence, and also special licensing, oversight, and control functions.

The leadership of the Russian federal oversight shall operate on the basis of one-man command by its chairman

The chairman of the federal oversight shall not be a member of the Russian Federation government

- 2 Russian federal oversight bodies shall be created by the President of the Russian Federation

Chairmen of federal oversight bodies shall be appointed and dismissed by the President of the Russian Federation

Provisions on Russian federal oversight shall be approved by the President of the Russian Federation

- 3 To change the name of the Russian federal oversight service to oversee work safety in industry and mining to the Federal Oversight Body for Mining and Industry in Russia (Gosgortekhnadzor of Russia)

The Russian federal oversight service for nuclear and radiation safety shall be named the Federal Oversight Body for Nuclear and Radiation Safety in Russia (Gosatomnadzor of Russia)

- 4 To establish that the Federal Oversight Body for Nuclear and Radiation Safety in Russia shall be given powers and functions in accordance with the 5 June 1992 Directive No. 283-rp of the President of the Russian Federation

- 5 The chairman of the Federal Oversight Body for Mining and Industry in Russia shall within one month submit Oversight Provisions for approval

- 6 To deem it necessary to reorganize the State Committee for Sanitation and Epidemiological Oversight into the Federal Sanitation and Epidemiological Oversight Body for Russia (Gossanepinadzor of Russia), retaining its powers and functions as established by the 22 January 1992 Edict No. 30 of the President of the Russian Federation, and also staff and state property, including buildings and installations, as defined by that Edict, and available money and hard currency assets

- 7 To establish for workers in the central apparatus of the central oversight bodies of Russian salaries and wage conditions and material and everyday support and medical services as provided for workers in the central apparatuses of ministries and state committees of the Russian Federation

- 8 This Edict shall enter into force from the moment of signing, except for Clause 6, which shall enter into force in accordance with the procedure as provided for in Clause 3 of the decree of the Fifth Congress of People's Deputies "On Legal Support for the Economic Russian Federation"

[Signed] *B. Yeltsin, President of the Russian Federation*
Moscow, the Kremlin
12 November 1992
No. 1355

Amendments to Law on Local Self-Government

935D01504 Moscow ROSSIYSKIYE VESTI in Russian
28 Nov 92 p. 5

[Law of the Russian Federation "On Amendments and Additions to the Law of the RSFSR "On Local Self-Government in the RSFSR"]

[Text]

Article 1. The following amendments and additions are to be made in the Law of the RSFSR "On Local Self-Government in the RSFSR" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, No. 29, 1991, p. 1010)

1. The word "RSFSR" is to be replaced with the words "Russian Federation" in the name of the Law, articles 1, 4, 7, 11, 12, 17, 21, 29, 33, 39, 43, 44, 47-49, 55, 66, 89, 90, 93-95.

2. Item 1 of Article 3 is to read as follows:

"Local self-government in the Russian Federation is regulated by the Constitution of the Russian Federation, by this Law and by other legislative enactments of the Russian Federation, the constitutions and laws of republics within the Russian Federation, legal enactments of the autonomous oblast, autonomous okrugs, krays and oblasts and the cities of Moscow and St. Petersburg."

3. Item 2 of Article 10 is to read as follows:

"2. In rayon cities which serve as rayon administrative centers, in settlements and in rural soviets, a soviet need not be elected or may be abolished by decision of the soviet itself. In such case the authority of a city soviet is exercised by the corresponding rayon soviet, the authority of a settlement or rural soviet, by decision of the higher soviet or other agencies of local self-government in accordance with this Law.

"In rayons in which rayon or city soviets subordinate to a kray or oblast serve as the administrative centers, the authority of a rayon soviet defined by law may be exercised by the city soviet, and the people's deputies of the city or rayon soviets are authorized to unite into a single soviet on the basis of decisions of the corresponding rayon or city soviet and by decision of the kray or oblast soviet of people's deputies."

4. In Item 2 of Article 12, Item 2 of Article 13, items 2-5 of Article 18, Item 4 of Article 34 and items 1 and 2

of Article 35 the words "established for the given soviet" are to be replaced with the words "elected to the given soviet."

5 Item 3 of Article 12 is to read as follows

"3 If fewer than two thirds of the elected deputies are present at a session, it is postponed to another time by order of the soviet chairman. In this case every deputy is notified in writing as to the time and place where the session is to be held, as well as of the fact that if fewer than two thirds of the people's deputies elected to the soviet take part in the rescheduled session, the session will be considered valid if a majority of the number of deputies established for the given soviet are present, and a quorum for the adoption of decisions by the soviet is determined by the number of people's deputies present at the session."

6 In Article 39

a) Item 4 is to read as follows

"4 The local soviet is authorized to establish, in accordance with the law, tax and other benefits and advantages within the limits of taxes and other payments transferred as income to the local soviet's budget. The benefits specified by the soviet are provided by the local administration."

b) In Item 5 the words "The establishment or reorganization of enterprises and their use" are to be replaced with the words "Use by the enterprises."

7 In Article 46

a) in Item 1

In the first paragraph the words "local soviets and the local administration establish extra-budgetary funds" are to be replaced with the words "local soviets of people's deputies are authorized to establish special-purpose extra-budgetary funds"

the second, fourth, ninth, tenth and eleventh paragraphs are to be deleted

b) in Item 2 the words "local soviets and the local administration" are to be replaced with the words "by the local administration in accordance with the provisions on extra-budgetary funds approved by the local soviet."

8 The third paragraph in Item 1 of Article 48 is to be deleted

9 In items 49, 55 and 66 the words "State Committee of Ecology and Food of the RSFSR" are to be replaced with the words "Ministry of Ecology and Natural Resources of the Russian Federation"

10. in Article 49

a) A new item is to be added after item 12, to read as follows

"13) establishes the procedure for using or disposing of nonresidential buildings."

b) items 13-17 are to be renumbered as items 14-18 respectively

In Article 55

a) new items are to be added after Item 8, to read as follows

"9) establishes in accordance with the law the rules for registering citizens in need of better housing and for providing them with housing.

"10) establishes the procedure for designating apartment buildings and other housing as unfit for permanent habitation and the procedure for redesignating apartment buildings and other housing in the municipal pool as nonresidential.

"11) establishes the rules governing trade and services for the population in the territory under the soviet's jurisdiction in accordance with the law."

b) items 9-24 are renumbered as items 12-27 respectively

12 In Item 6 of Article 62 and Item 7 of Article 73 the words "establishes the rules of trade" are deleted

13 In Article 66

a) new items are to be added after Item 8, to read as follows

"9) establishes the rules for registering citizens in need of better housing and for providing them with housing.

"10) establishes the procedure for designating apartment buildings and other housing as unfit for permanent residence and the procedure for designating apartments and other housing of the municipal pool as nonresidential.

"11) establishes the rules of trade and services for the population in the territory under the soviet's jurisdiction in accordance with the law.

"12) establishes the procedure for using and disposing of nonresidential buildings."

b) items 9-23 are renumbered as 13-27 respectively

14. Item 2 of Article 68 is to read as follows:

"2) by the procedure established by the soviet, establishes with enterprise funds combined forms of ownership, registers their charters, participates on a shared basis in the construction and operation of joint enterprises."

15. The second paragraph of Item 3 in Article 77 is to read as follows:

"City rayons may not be reformed or eliminated and rayon soviets may not be abolished without the consent of the given soviets before the term of their authority has expired."

16. In Item 3 of Article 83 the words "in the local soviet" are to be replaced with the words "by the local administration."

17. In Item 5 of Article 87 the words "800 to 8,000 rubles" are to be replaced with the words "one to five times the minimum monthly wage established by law."

18. The second part of Article 89 is to read as follows:

"Decisions of local soviets, kray and oblast soviets, the soviets of autonomous oblasts and the autonomous okrug may be appealed through the corresponding court."

19. In Article 92:

a) Item 1 is to read as follows:

"1. Persons heading a local administration—the head of an administration and his deputies—as well as persons in charge of its departments, administrations and other agencies and structural subdivisions and their deputies may not serve as deputies of the corresponding soviet."

b) In Item 2:

the words "their deputies" are added in the first paragraph following the words "its agencies and structural subdivisions";

the words "(this sub-item does not apply to the soviet chairman or a deputy soviet chairman of a rayon, city (a rayon, city), city rayon, settlement or rural soviet operating within a soviet without recompense with the soviet's consent)" are added in Sub-Item "a" after the words "in establishments and organizations";
in Sub-Item "d" the word "any" following the word "benefits" is deleted and the words "unless otherwise specified by the law" are added.

20. In Article 93:

a) the first paragraph of Item 2 is to read as follows:

"The directors of the soviet and the local administration, their deputies, the directors of structural subdivisions of the soviet organization and the local administration and their deputies continue to receive the salary specified for them by the soviet (indexed) until they find other employment for a period of 1 year following their dismissal in the following cases":

b) the word "indexed" is added in Item 3 following the words "previous salaries."

21. In Article 95:

a) Item 1 is to read as follows:

1. The authority of local soviets may be repealed ahead of term:

"a) by decision of the soviet itself;

"b) in case of repeated violations by them of the laws of the Russian Federation or republics within the Russian Federation, by decision of the Supreme Soviet of the Russian Federation or a supreme soviet of a republic within the Russian Federation, based on a finding of the Constitutional Court of the Russian Federation."

b) Item 2 is to read as follows:

"2. A decision to repeal the authority of a local soviet as a result of self-disbandment or self-abolishment is made by a vote of a two-thirds majority of the deputies elected to the soviet."

Article 2. This Law takes effect at the time it is published.

[Signed] B. Yeltsin
President of the Russian Federation
Moscow, Soviet Center of Russia
22 October 1992
No. 4703-1

Amendments to Statute on Accountability of Administration Heads

288P01514 Moscow, RUSSKIY VESETI in Russian
38 Nov 92, p.8

[Edict of the President of the Russian Federation "On the Making of Amendments to the Statute 'On the Disciplinary Responsibility of Administration Heads'"]

[Text] In connection with Edict of the President of the Russian Federation, dated 10 September 1992, No. 1070 "On the Making of Amendments to the Edict of

the RSFSR President, Dated 25 November 1991, No. 239, "On the Procedure for Appointing Administration Heads," it is resolved

1. To make the following changes in the Statute on the Disciplinary Responsibility of Administration Heads, which was approved by Edict of the President of the Russian Federation, dated 7 August 1992, No. 828:

—remove from paragraph 2 of point 3 the words "cities that are kray and oblast centers,"

—rephrase paragraph 3 of point 3 as follows:

"by administration heads of krays, oblasts, the autonomous oblast, autonomous okrugs, the cities of Moscow and St. Petersburg to administration heads of cities that are kray and oblast centers, cities of kray, oblast, and okrug subordination, and rayons upon the recommendation of a representative of the President of the Russian Federation or on [his] own initiative".

—remove from paragraph 1 of point 6 the words "cities that are kray and oblast centers."

2. This Edict goes into effect as of the moment of its signing.

[Signed] *B. Yeltsin, president of the Russian Federation*
Moscow, the Kremlin
14 November 1992
No. 1371

Decree on Social-Economic Situation in Chukotsk

93D00151B Moscow, ROSSIYSKIYE VESTI in Russian
28 Nov 92 p. 5

[“Decree of the Government of the Russian Federation Dated 14 November 1992, No. 872, Moscow, "On Urgent Measures To Stabilize the Social-Economic Situation in Chukotsk Autonomous Okrug""]

[Text] In execution of decrees of the Russian Federation Supreme Soviet, dated 15 June 1992, No. 3312-1, "On the Procedure for Putting Into Effect Russian Federation Law, Entitled "On the Direct Entry of Chukotsk Autonomous Okrug Into the Makeup of the Russian Federation," and dated 15 July 1992, No. 3316-1, Entitled "On Urgent Measures to Stabilize the Social-Economic Situation in Chukotsk Okrug and Magadan Oblast," the Government of the Russian Federation resolves:

1. The Russian Federation Ministry of Fuel and Power Engineering is to provide in 1992 the delivery to Chukotsk Autonomous Okrug of 585,000 tonnes of petroleum products, including 95,000 tonnes of aviation fuel, for the continuous functioning of the national economy and the icebreaker fleet.

2. Russian Federation Ministry of Finance and the Russian Federation Committee for the Socioeconomic Development of the North, with the participation of the Central Bank of the Russian Federation, is to consider questions concerning:

—the extension to 31 December 1993 of the deadline for paying off the preferential credit allocated to Chukotsk Autonomous Okrug to be used for the preterm delivery of freight shipments to the rayons in the autonomous okrug,

—the use of 20 percent of the credit allocated to Chukotsk Autonomous Okrug in 1992 to be used for the preterm delivery of output (commodities), to increase the working capital of wholesale enterprises in order to guarantee the accumulation of output in anticipation of the 1993 navigation season.

3. The Russian Federation Committee for Fishing, jointly with the administration of Chukotsk Autonomous Okrug, is to define in 1992 the procedure for coordinating the activities in the field of fishing and the use of the live aquatic resources in the bodies of water on the territory of the okrug, in the territorial waters, on the continental shelf and in the economic zone of the Russian Federation.

4. Russian Federation Ministry for Nuclear Energy is to:

—complete in 1993 the studies and approve in the established procedure the plan for building the Bilibinskaya AES [nuclear electric power station] (phase II);

—guarantee in 1994 the beginning of the construction of the basic construction items at the Bilibinskaya AES (phase II), with the activation of the first energy unit no later than the year 2000.

—resolve, in the form of an exception, the construction of production bases and construction items in the social sphere at the construction site for locating the Bilibinskaya AES (phase II) on the basis of individual construction plans that have been coordinated with Russian Federation Ministry of Economics, pending the approval of the construction plan for building that station. The financing in 1992-1995 of the operations linked with the construction of the Bilibinskaya AES (phase II) is to be carried out in conformity with decree of the Government of the Russian Federation, dated 9 June 1992, No. 389.

5. Russian Federation Ministry of Finance, when refining the republic budget of the Russian Federation for 1992, is to consider the allocating to Chukotsk Autonomous Okrug of 80 million rubles for the social and economic development of the okrug.

6. To adopt the recommendation made by the administration of Chukotsk Autonomous Okrug concerning:

the sending in 1992 of 70 million rubles for constructing a complex of vocational-technical schools in the city of Anadyr, chargeable to the funds allocated to Chukotsk Autonomous Okrug for implementing the program for developing the economy and culture of the nations of the North with small populations.

7. Russian Federation Ministry of Health is to consider the allocation of the necessary number of beds in the ministry's sanatoriums for improving the health of children living in Chukotsk Autonomous Okrug.
8. Russian Federation Ministry of Defense, jointly with the Russian Federation State Committee for Administering State Property, is to consider the questions of
 - the selling in 1993, in the established procedure of the administration of Chukotsk Autonomous Okrug, of two small landing craft, design 106k, to haul cargo in coastal navigation in the autonomous okrug,
 - the transferral or elimination of the ammunition dump in the village of Urelki, Providenskiy Rayon, Chukotsk Autonomous Okrug.
9. Russian Federation Ministry of Internal Affairs, Russian Federation Ministry of Justice, Russian Federation Ministry of Foreign Affairs, Russian Federation Ministry of Security, and Russian Federation State Customs Committee, jointly with the administration of Chukotsk Autonomous Okrug, are to carry out in 1992-1993 measures to reinforce the law-enforcement agencies and the subdivisions of the border troops and customs service that are deployed in Chukotsk Autonomous Okrug, by providing them with personnel, material-technical resources, and means of communication.
10. Russian Federation Ministry of Transport, jointly with
 - Russian Federation Ministry of Railroads, is to organize the delivery to Chukotsk Autonomous Okrug of the the necessary quantity of average-tonnage containers for transporting the personal belongings of citizens who are leaving the confines of Chukotsk Autonomous Okrug,
 - Russian Federation Ministry of Economics, Russian Federation Ministry of Finance, and the administration of Chukotsk Autonomous Okrug, is to consider the technical-economic substantiation of building a motor road from Pevek to Bilbino, as part of the motor highway from Igarka to Zeleny Mys, and to determine the sources and procedure for financing its construction.
11. Russian Federation Ministry of Economics and Russian Federation Ministry of Finance, when refining the republic budget of the Russian Federation for 1992, are to stipulate the allocation to Chukotsk

Autonomous Okrug of centralized capital investments in the volume of 150 million rubles for housing construction for retirees and disabled cities moving from Chukotsk Autonomous Okrug to other rayons in the Russian Federation.

12. Russian Federation Ministry of Economics is to stipulate the allocation of funds to finance studies in 1992-1993 to produce a scheme for the development and placement of the productive forces of Chukotsk Autonomous Okrug.

[Signed] Ye. Gaydar

Edict on Crime Control, Protection of Public Order

93SD0146C Moscow ROSSIYSKIYE VESTI in Russian 15 Oct 92 p.3

["Edict of the President of the Russian Federation 'On Measures To Protect the Rights of Citizens, Maintain Law and Order, and Intensify the Fight Against Crime'"]

[Text] In order to protect the rights of citizens and legal entities as guaranteed by the Constitution of the Russian Federation and to ensure their safety, intensify the fight against armed kinds of organized crime as its most dangerous manifestation, and create conditions for stabilizing the sociopolitical situation in society, and guided by the law of the Russian Federation "On Security," I decree as follows:

1. To form an Interdepartmental Commission under the Russian Federation Security Council to fight crime and corruption (referred to hereinafter as the Interdepartmental Commission)

To establish as the main direction in the activity of the Interdepartmental Commission devising and coordinating the implementation of federal programs to prevent and interdict unlawful activity.

To assign to the Interdepartmental Commission the task of coordinating the work of the Russian Federation Ministry of Internal Affairs, the Russian Federation Ministry of Defense, the Russian Federation Ministry of Security, the Russian Federation State Customs Committee, and the Russian Federal Hard Currency and Export Control Service in the following directions:

- monitoring compliance with decisions of the President of the Russian Federation and Russian Federation Supreme Soviet in the fight against crime and corruption and to protect citizens' rights and maintain law and order,

- drawing up and monitoring compliance with programs to prevent and interdict unlawful activity,

- organizing special subdivisions in the fight against crime and corruption and organized crime.

—preparing drafts of enforceable and legislative enactments regulating activity in the fight against crime and to protect citizens' rights and maintain law and order

- 2 To assign leadership of the Interdepartmental Commission to Vice President of the Russian Federation A.V. Rutskoy.

The Vice President of the Russian Federation shall before 20 October 1992 draw up Provisions on the Interdepartmental Commission under the Russian Federation Security Council to fight crime and corruption, and submit proposals on his personnel

- 3 To propose to member of the Russian Federation Security Council and First Deputy Chairman of the Russian Federation Supreme Soviet S.A. Filatov that for the purpose of compliance with this Edict parliamentary control be ensured over the activity of the Interdepartmental Commission and its interaction with the Russian Federation Supreme Soviet and the bodies formed by the Russian Federation Supreme Soviet.
- 4 To assign to State Secretary to the President of the Russian Federation G.F. Burbulis the task of coordinating work on proposals to provide political and legal guarantees for a set of measures connected with the activity of the Interdepartmental Commission, and to study and predict trends and processes in society causing growth in crime, and to organize systematic work in this direction with the mass media, and also interaction with public movements and organizations
- 5 To assign secretary of the Russian Federation Security Council Yu.V. Skokov to draw up current and long-term plans for the activity of the Interdepartmental Commission, and to prepare informational and analytical materials and drafts for enforceable and legislative documents for their submission for review by the President of the Russian Federation and the Russian Federation Supreme Soviet, and to priority consideration in the Russian Federation Security Council of measures to intensify the fight against crime and corruption
- 6 To give the Interdepartmental Commission the right to set up working groups to draw up draft programs in the directions indicated above, recruiting for this representatives from ministries, departments, scientific research organizations, and law enforcement agencies, and to obtain the information needed for their work
- 7 The Vice President of the Russian Federation shall form a working apparatus to secure the activity of the Interdepartmental Commission

Provision of premises and communications facilities for the working apparatus for the Interdepartmental

Commission shall be assigned to the Russian Federation Ministry of Security, and domestic and everyday services to the Russian Federation Main Administration for Safety

- 8 To deem the following necessary

—strengthening the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime with special quick-response subdivisions, seeing to their provision with up-to-date means of transport and protection, and weapons, from the resources of the Russian Federation Ministry of Defense. They shall be assigned the task of preventing and interdicting the activity of armed criminal groups, confiscating unlawfully held weapons and ammunition, explosives, and narcotics, and preventing their distribution.

—establishing that the chief of the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime shall by virtue of his duties be first deputy minister of internal affairs in the Russian Federation, while the chiefs of regional subdivisions shall be deputy chiefs of the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime, they shall be appointed to and relieved of their duties by order of the Russian Federation minister of internal affairs

To establish that servicemen and individuals on its command staff and associates of the special subdivisions of the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime shall enter into service on a contract basis with mandatory provision of state insurance, social guarantees, and privileges

- 9 The government of the Russian Federation shall do the following

—resolve the question of procedure for funding, including hard currency funding, and material technical support for the activity of the Interdepartmental Commission and the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime.

—draw up proposals for the Russian Federation Supreme Soviet on matters pertaining to transferring to state bodies engaged in the fight against crime part of the fund from valuables and material resources returned to the state, in order to support their professional activity, and also to provide social support for associates and the members of their families.

—with the participation of the Interdepartmental Commission to enter into negotiations and conclude agreements with interested CIS countries and other states to coordinate measures in the fight against crime, including the exchange of information, and also conduct joint operations to interdict

unlawful activity, confiscate unlawfully held weapons and ammunition, explosives, and narcotics and prevent their distribution.

10. To assign the Interdepartmental Commission the following tasks:

—to draw up proposals on measures of a legal and organizational nature, aimed at enhancing the responsibility of officials for complying with the decisions of the President of the Russian Federation and the Russian Federation Supreme Soviet in ensuring law and order in society, protecting citizens' rights, and fighting corruption and crime, making provision here for the steps necessary to provide legal protection for officials engaged in tasks to maintain law and order and to fight crime;

—to draw up proposals for the President of the Russian Federation, giving due consideration to the needs of citizens for improved legislation on liability for crimes against the person and against property, for submission to the Russian Federation Supreme Soviet.

11. The organs of executive power in the republics making up the Russian Federation and the administrations of krais, oblasts, and autonomous formations, and of the cities of Moscow and St. Petersburg shall secure cooperation with the Interdepartmental Commission and provide for the Russian Federation Ministry of Internal Affairs Main Administration for Organized Crime subdivisions service and auxiliary premises needed by them for their normal functioning, along with motor transport, communications facilities, and other property, and to provide them with assistance and help in resolving social and housing and everyday questions.

12. The Edict shall enter into force from the moment of signing.

[Signed] *B. Yeltsin, President of the Russian Federation*
Moscow, the Kremlin
8 October 1992
No. 1189

Law on Change in Penal Code Fines

93D01444 Moscow ROSSIYSKAYA GAZETA
in Russian 20 Nov 92 p 4

["Law of the Russian Federation 'On Changes to the Russian Soviet Federated Socialist Republic [RSFSR] Penal Code Connected With Procedure for Recalculating Fines'"]

[Text]

I.

The following changes shall be made to the RSFSR Penal Code as confirmed by the 27 October 1960 law (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR No. 40,

1960, item 591; No. 29, 1962, item 449; No. 2, 1966, item 769; No. 38, 1966, item 1038; No. 43, 1969, item 1291; No. 22, 1970, item 441; No. 29, 1974, item 781; No. 25, 1980, 674; No. 38, 1981, item 1304; No. 49, 1982, item 1821; No. 33, 1983, item 1203; No. 29, 1984, item 992; No. 15, 1985, item 564; No. 40, 1985, item 1398; No. 45, 1985, item 1572; No. 49, 1985, item 1697; No. 23, 1986, item 638; No. 24, 1987, item 839; No. 43, 1987, item 1501; No. 14, 1988, item 397; No. 31, 1988, item 1005; No. 33, 1988, item 1081; No. 3, 1989, item 50; No. 37, 1989, item 1074; No. 50, 1989, item 1477; and VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR No. 1, 1990, item 3; No. 21, 1990, item 232; No. 15, 1991, item 494).

Article 1. Parts 1, 2, and 3 of Article 30 shall read as follows:

"A fine is a monetary penalty imposed by a court in cases and in amounts as established by this Code, in the form of a sum corresponding to the size of minimum monthly wages as established by legislation of the Russian Federation or in the form of a sum calculated from the value of the damages caused.

"A fine is set in an amount of one-half of the minimum monthly wage up to 50 times the minimum wage, or in an amount up to 50 times the damages. In exceptional cases as provided for by legislation of the Russian Federation, higher fines may be imposed for particular crimes.

"In the event of persistent refusal to pay a fine imposed as a punishment, the court may substitute other punishment for the unpaid sum of the fine, in the form of corrective labor without detention calculated at the rate of one month of corrective labor for each two minimum wages, but for a period of no more than two years. If it is impossible to pay a fine, the court may rule to replace it with an obligation to make restitution for damages caused."

Article 2. The following changes shall be made to the standards in the Special Section of the RSFSR Penal Code:

—in Article 96, Part 1, the words "but at least 50 rubles" [R] shall be replaced with the words "but at least one-half of the minimum monthly wage";

—in Article 96, Part 2, the words "but at least R100" shall be replaced with the words "but at least one time the minimum monthly wage";

—in Article 112, Part 2, Article 128, Part 1, Article 131, Part 1; Part 1 of Articles 135, 136, 137, and 140; Article 149, Part 1; Article 156¹ Part 1; Part 1 of Articles 182, 184, 192, 192¹, and 195; Article 196, Part 3; Article 197; Article 198¹ Part 3; Part 2 of Articles 200, 201, 202, and 204; and Article 230¹ Part 1, the words "by a fine of up to R100" shall be

- replaced with the words "by a fine of up to one time the minimum monthly wage";
- in Article 98, Part 1; Article 115, Part 1; Part 1 of Articles 115¹, 124¹, and 130; Article 163, Part 1, Part 1 of Articles 165 and 166, Article 185, Part 2; Part 1 of Articles 190², 191, and 191¹; Article 194¹, Part 1, Part 1 of Articles 197¹ and 198¹; Part 1 of Articles 205¹ and 206; Article 208, Part 1; Article 217¹, Part 1, and Article 226², Part 2, the words "by a fine of up to R200" shall be replaced with the words "by a fine of up to twice the minimum monthly wage";
 - in Article 156⁴, Part 1, the words "by a fine of up to R200" shall be replaced with the words "by a fine of one to two times the minimum monthly wage";
 - in Article 116, Part 1; Part 1 of Articles 124 and 139¹, Article 141 Parts 1 and 2, Parts 1 and 2 of Articles 152, 152¹, 155, 157, 168, and 169, Part 2 of Articles 172, 176¹, 188⁴, 190¹, and 194¹, Article 199, Part 1, Article 204, Part 1; Article 211, Part 1, Article 213¹, Part 1, Article 216, Part 1, Part 1 of Articles 221, 222, 223, and 223¹, Article 224^(figure illegible) Part 1, Article 226, Parts 2 and 3; and Articles 228, 228¹, and 230, the words "by a fine of up to R300" shall be replaced with the words "by a fine of up to three times the minimum monthly wage";
 - in Article 96, Part 3, the words "but at least R300" shall be replaced with the words "but at least three times the minimum monthly wage";
 - in Article 156⁴, Part 2, and Articles 211² and 211³, the words "by a fine of R100 to R300" shall be replaced by the words "by a fine of from one to three times the minimum monthly wage";
 - in Article 210¹, the words "by a fine of R200 to R300" shall be replaced with the words "by a fine of from two to three times the minimum monthly wage";
 - in Article 211¹, Part 1, the words "by a fine in the amount of R300" shall be replaced with the words "by a fine in the amount of three times the minimum monthly wage";
 - in Part 1 of Articles 94 and 97, Article 147, Part 1, Article 156, Part 1, and Article 166¹, the words "by a fine of up to R400" shall be replaced with the words "by a fine of up to four times the minimum monthly wage";
 - in Article 89, Part 1, Article 93, Part 1, Article 97, Part 2, and Article 154¹, the words "by a fine of from R100 to R500" shall be replaced with the words "by a fine of from one to five times the minimum monthly wage";
 - in Article 158, Part 1, the words "by a fine of from R200 to R500" shall be replaced with the words "by a fine of from two to five times the minimum monthly wage";
 - in Article 156², Part 2, Article 185, Part 1; Article 308, Parts 2 and 3; and Article 223¹, Part 4, the words "by a fine of up to R500" shall be replaced with the words "by a fine of up to five times the minimum monthly wage";
 - in Part 2 of Articles 84, 164, and 169, and Article 208¹, Part 1, the words "by a fine of up to R1,000" shall be replaced with the words "by a fine of up to 10 times the minimum monthly wage";
 - in Article 92, Part 2; Part 1 of articles 156¹ and 162; and Article 162¹, the words "by a fine of from R200 to R1,000" shall be replaced with the words "by a fine of from two to 10 times the minimum monthly wage";
 - in Article 91¹, Part 1; Part 1 of Articles 94² and 167; Article 176¹, Part 1, and Article 188², the words "by a fine of R300 to R1,000" shall be replaced with the words "by a fine of three to 10 times the minimum monthly wage";
 - in Article 158, Part 3, the words "by a fine of R500 to R1,000" shall be replaced with the words "by a fine of five to 10 times the minimum monthly wage";
 - in part 1 of articles 70¹ and 74, Article 140¹ part 1, and Article 200¹ the words "by a fine of up to R2,000" shall be replaced with the words "by a fine of up to 16 times the minimum monthly wage";
 - in Article 130, Part 2 and Article 131, Part 2, the words "by a fine of up to R3,000" shall be replaced with the words "by a fine of up to 20 times the minimum monthly wage";
 - in Article 140¹, Part 2, the words "by a fine of from R1,000 to R3,000" shall be replaced with the words "by a fine of from 10 to 20 times the minimum monthly wage";
 - in Article 74, Part 2 and Part 2 of Articles 133 and 133¹, the words "by a fine of up to R5,000" shall be replaced with the words "by a fine of up to 20 times the minimum monthly wage";
 - in Article 167², Part 1, the words "by a fine of from R2,000 to R5,000" shall be replaced with the words "by a fine of 16 to 20 times the minimum monthly wage";
 - in Article 141¹, Part 3, the words "by a fine of R3,000 to R5,000" shall be replaced with the words "by a fine of from 10 to 20 times the minimum monthly wage";
 - in Article 167¹, Parts 1 and 2, and Part 1 of Articles 175, 175¹ and 223¹, the words "by a fine of up to R10,000" shall be replaced with the words "by a fine of up to 30 times the minimum monthly wage";
 - in Article 167², Part 2, the words "by a fine of R3,000 to R10,000" shall be replaced with the words "by a fine of 16 to 30 times the minimum monthly wage";

—in Article 223¹, Part 2, the words "by a fine of up to R15,000" shall be replaced with the words "by a fine of up to 35 times the minimum monthly wage";

—in Article 223¹, Part 3, the words "by a fine of up to R20,000" shall be replaced with the words "by a fine of up to 50 times the minimum monthly wage."

II.

This Law shall enter into force from the moment of its publication

[Signed] *B. Yeltsin, President of the Russian Federation*
Moscow, House of the Soviets of Russia
20 October 1992
No. 3692 I

Security Ministry Official on Corruption Investigations

934C04271 Moscow *NEZAVISIMAYA GAZETA*
in Russian 13 Nov 92 p 1

[Report by Andrey Poleshechuk: "Corruption in the Highest Echelons of Power: State Security Is Engaged in a Serious Battle With a Shadow"]

[Text] "The lower the material standard of living of the nation, the higher the level of corruption," emphasized Colonel Aleksandr Dukhanin, deputy chief of the Department for Investigations of the Ministry of Security of the Russian Federation [MBRF], at the meeting with journalists that took place yesterday in Yu.V. Andropov's memorial office at Lubyanka.

With this, he made it clear that Russian state security officers investigating corruption-related crimes will have plenty of work on their hands for quite a while.

According to MBRF's official information, this year the security organs have investigated 139 persons in criminal cases involving bribery, embezzlement of state or public property, and other crimes of abuse of official position. On the basis of materials received from state security units, organs of internal affairs have initiated 328 criminal proceedings, and procuracy organs, 170 criminal proceedings. Ministry of Security officers are conducting investigative actions with respect to 3,000 corrupt employees of state and nonstate structures, including high-level officials of the organs of power and administration and of law-enforcement organs, and military officers in various commanding positions in the armed forces.

In a number of cases the officials' unlawful activities have already been interrupted through criminal procedures. Among them are former high-level employees of the USSR Savings Bank, a superprefect of the capital's municipal district, high-level officials of the St. Petersburg's mayoralty, officials from the Roszoloto [Russian Gold] system, an employee of the central apparatus of the Russian Ministry of Internal Affairs, the director general of a public foundation, the head of a large

production association within the military-industrial complex system, transportation service employees of Sheremetyevo-2 Airport, a first secretary of the MFA [Ministry of Foreign Affairs] Consular Division, the director general of Juehrprom [Jewelry Production] administration, and others.

All in all in 1992 on the basis of materials received from the security organs 333 persons have been convicted; of them, 71 were officials of power and administration organs.

According to Andrey Chernenko, head of the MBRF's Public Relations Center, several factors make the work of state security officers significantly more difficult. First and foremost is the lack of a legal definition of corruption as a socially dangerous phenomenon, as well as of specific articles of the criminal, criminal process, and administrative codes brought together under the notion of corruption.

"The corruption we are fighting against does not even have a definition in this country. It resembles battling a shadow," remarked Andrey Chernenko.

Besides this, state security officers and their colleagues from the Ministry of Internal Affairs complain that they are still not permitted to officially obtain the necessary documentation that proves the unlawful activities of financial, commercial, and other structures as well as individuals. Another problem is the inadequate social protection of personnel in the departments fighting organized crime and corruption.

"Our officers currently are paid the same as trolley bus drivers. Sometimes less," remarked Aleksandr Dukhanin.

Meanwhile, the pressure state security officers and their families are subjected to by criminal elements has necessitated the creation of a service within the MBRF structure that ensures personal security of the ministry's employees and their relatives.

"We have information that there are shady characters with a recidivist past in the entourage of influential people in various echelons of power. They dictate their terms to those who make the decisions," emphasized Andrey Chernenko.

He refused, however, to provide any names.

Edict on Strengthening, Consolidating State Archive Service

935D0144B Moscow *ROSSIYSKAYA GAZETA*
in Russian 20 Nov 92 p 4

["Edict of the President of the Russian Federation 'On Securing Property for Organs and Institutions of the Russian State Archive Service'"]

[Text] In order to ensure the safekeeping of documents in the Russian Federation Archives and to secure the

material-technical base of the organs and institutions of the Russian state archive service. I decree as follows:

1. To establish that property, including real property, under or transferred to the operational management of organs and institutions of the Russian state archive service shall be secured for them with respect to right of possession, use, and disposition *sine die*.
2. To prohibit the owners of property secured to the organs and institutions of the Russian state archive service or transferred to their operational management from removing this property or redistributing it among other legal entities that they may create.

[Signed] *B. Yeltsin, President of the Russian Federation*
Moscow, the Kremlin
12 November 1992
No. 1382

ECONOMIC AND SOCIAL AFFAIRS

DELOVOY MIR Economic Statistics, 14 November

934104271 Moscow DELOVOY MIR
in Russian 14 Nov 92 pp. 2-3

[Report by economists Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel, Moscow. "The Decline Has Slowed Down Somewhat"]

[Text]

Overdue Payments for Products Shipped

Normal financial and economic activities of enterprises are being hampered by the unsettled state of payment clearing in the national economy. According to data received from industrial enterprises, as of beginning of October of this year the value of overdue bills amounted to 1.9 trillion rubles [R], with the total worth of the monthly volume of industrial products shipped being R1.647 trillion.

The tension with respect to interenterprise clearing is gradually diminishing. In September for the first time there was a reduction—albeit insignificant—in the absolute value of overdue amounts owed by consumers for industrial products shipped to them. Over the month it was reduced by R26 billion, or 1.4 percent, while in August arrears increased by 6 percent (in July—by 26 percent).

The absolute value of arrears declined at machine-building and metal-working enterprises, as well as in ferrous and nonferrous metallurgy and the light industry. In a number of sectors, however, there has been no success in halting the rise in the volume of arrears, in the fuel, porcelain and stoneware, chemical and petrochemical, and microbiological industries it increased by 2-8 percent; in timber, woodworking, and pulp and paper industries—by 10 percent, and in the flour and cereals industry—by a factor of 2.1.

Machine building and metal-working, ferrous metallurgy, and chemical and petrochemical industry enterprises accounted for more than half of the overdue amounts owed.

Arrears for products shipped with overdue payment date by individual industry sectors are characterized by the following data:

	Overdue Amounts Owed For Products Shipped, Billion Rubles		As a Percentage of the Total Amount Owed	
	As of 09/01/92	As of 10/01/92	As of 09/01/92	As of 10/01/92
Industry—total	1,883.2	1,857.2	60.2	62.0
of that:				
machine building and metal cutting	376.5	372.8	54.4	56.2
ferrous metallurgy	354.2	328.4	76.1	70.0
chemical and petrochemical industry	218.5	235.7	62.2	67.2
nonferrous metallurgy	145.8	131.2	47.4	62.9
light industry	140.3	129.7	71.7	68.5
timber, woodworking, and pulp and paper industry	97.9	107	65.8	71.0

There has been no reduction in the relative share of enterprises for which overdue bills amount to about 80 percent of the total owed. A considerable number of such enterprises are found in the machine building and metal working, chemical and petrochemical, glass and porcelain, stoneware, and microbiological industries (87.92 percent).

Taken by individual regions of the Russian Federation, a decline in the volume of such amounts owed in September of this year was registered in the industries of 40 republics, krais, and oblasts; the most perceptible

changes occurred in Sverdlovsk, Kemerovo, and Chelyabinsk Oblasts and in Krasnodar Krai (12.20 percent).

Industrial Production

As compared with the corresponding period of last year, the output of industrial production in October fell with respect to 129 products (82 percent of the total number of items counted in periodic reports). The volume of output of almost one third of the products was lower than in September.

In the fuel industry the average daily output of oil for 25 days in October remained at the level of the corresponding period of the preceding month; however, it was 16 percent below that of the same period last year. The Nizhnevartovskneftegaz, Noyabrskneftegas, and Yurganskneftegas industrial associations reduced their volume of oil production by 21-31 percent as compared with last year's level.

The daily output of gas during the elapsed period of October increased by 9 percent as compared with last month's level and amounted to 1.766 billion cubic meters, which is somewhat below last year's level (by 0.4 percent).

There was a 7-20 percent decline in the output of products of primary oil refining (automotive gasoline, diesel fuel, and boiler oil) during the 25 days of October as compared with last year's level.

The daily production of coal during the elapsed period of October as compared with the preceding month increased by 11 percent; however, it is still 5 percent below that of the corresponding period of last year. The industry continues to be hampered by the shortage of material resources—in particular, tires for high-load trucks used in open pit mining.

In ferrous metallurgy during the elapsed period of October of this year the daily production of finished rolled metal was 11 percent higher than during the same period in September; that of steel piping—19 percent higher. The output of finished rolled metal as compared with the three weeks in October 1991 fell by 11 percent; at the West-Siberian Metallurgical Combine it fell by 29 percent, which is mainly the result of the inadequate supply of scrap metal for the steel-smelting section of this combine. The output of steel pipe during the 25 days of October of this year fell by 20 percent as compared with last year's level. At the Volga Pipe Plant output amounted to only 22 percent of last year's October level. This is due to reduced demand for large-diameter pipe, as well as idling in maintenance of imported equipment for pipe casing manufacture. Of 15 tube-rolling mills, seven were idled in October, and the remaining eight worked at reduced capacity. Reduced deliveries of half-finished pipe by Krivorozhstal Metallurgical Industrial Group (Ukraine) resulted in a 43-percent drop in steel pipe output at the Chelyabinsk Tube-Rolling Plant.

In machine building, of the 27 items counted in periodic reports, the output of almost one half exceeded that in the corresponding period of last month; with respect to most of them, however, last year's level was not reached. This includes the output of low-capacity electric motors, trolley buses, trucks, tractors, and grain harvesting combines. While over the three weeks of September the average daily output of bulldozers, freight railcars, buses, and excavators rose as compared with the corresponding period in August, during the elapsed period of October there was a decline in the average daily output as compared with the preceding month.

In January-October of this year the output of many items in this industry will remain considerably below last year's level. It is expected that the output of alternate current electric motors, excavators, trolley buses, automotive graders, and freight railcars will decline by 24-30 percent; of buses, passenger railcars, self-propelled cranes, and large electric machinery—by 9-18 percent.

In the chemical industry during the elapsed period of October the daily output of synthetic ammonia and calcinated and caustic soda exceeded last month's level by 3-12 percent; however, it continued to lag behind that of the corresponding period of last year by 6-23 percent. Production of mineral fertilizers continues to decline; their the average daily output over the 25 days of October declined as compared with the same period in September by 2 percent and amounted to 22 900 tonnes, which is 38 percent lower than in October of last year. Overall over 10 months of this year total output will amount to 2.9 million tonnes, or 17 percent less than last year's level. Because of inadequate supply of raw materials for enterprises of the Chimvolokno concern, the production of chemical fiber and thread fell by 30 percent as compared with the three weeks of October last year.

Enterprises in the timber, woodworking, and pulp and paper industry increased the average daily output of lumber and hard wood-fiber panels by 3-4 percent, and of paper and wood-particle board by 11-15 percent, as compared with the preceding month. Along with the decline in the average daily output of commercial timber and lumber as compared with October of last year—by 22 percent and 30 percent, respectively—the situation is worsening with respect to the output of products from chemical-mechanical wood processing. Thus, the average daily production of paper, cardboard, wood-particle and hard wood-fiber panels over the 25 days of October fell, as compared with the corresponding period of last year, by 23-34 percent; and that of commercial cellulose by 11 percent. The lag in pulp and paper industry operations is caused mainly by a sharp drop in output at enterprises of the Karellesprom, Sakhalinlesprom, and Solikamskbumprom industrial associations, as well as at the Balakhna Pulp and Paper Combine. It is estimated that the trend towards a decline in commercial wood production will persist until the end of the year, which will further increase the existing disproportion between the wood-cutting and wood-processing industries. It is expected that the production of commercial wood, timber, and paper in 1992 will amount to 78-87 percent of last year's level.

In enterprises of the construction materials industry during the elapsed three weeks of October the average daily output of cement, roof slate, high-grade asbestos, and window glass was higher than that of the corresponding period of last month. However, as compared with the corresponding period of October last year, the lag with respect to the production of the most important varieties of construction materials is still significant: with respect to cement—22 percent, roof slate—21 percent, asbestos—13 percent, pliable roofing and insulation—34 percent, and window glass—8 percent. Of 13 enterprises that produce

asbestos-based pipe and couplings, five reduced output of these items. The output of these items during the elapsed period of October amounted to less than one-quarter of that for the corresponding period of last year; for 1992 as a whole estimated output will amount to only 65 percent of the 1991 level. This is associated with difficulties in selling the products of the Urals Asbestos Mineral Enrichment Combine, which produces 60 percent of high-grade asbestos in the Russian Federation.

During the elapsed period of October, the production of many light industry products and household appliances continued to increase as compared with the preceding month. However, as compared with the corresponding period of last year the production of silk and woolen fabrics, hosiery and knitwear, and footwear fell by 20-49 percent, and that of cotton fabrics—by almost two-thirds.

The main causes of the drop in production of the most important varieties of complex household equipment (by 9-33 percent) as compared with last year's level are the inadequate supply of material and technical resources and the difficulties experienced by enterprises that produce these items in selling the finished products because of considerably higher prices. For these reasons, the production of washers at the Novosibirsk Aviation Plant and Gidromash Industrial Association (Nizhny Novgorod Oblast) still has not been resumed; the same is happening with respect to tape recorders at the Pribor Plant (Rostov Oblast), which ceased producing them in August. The production of tape recorders at the Omsk Electromechanical Plant was discontinued even earlier.

During the elapsed three weeks of October of this year the output of 13 varieties of food-processing output—out of 22 counted in periodic reports—rose as compared with the corresponding period of September of this year, including that of meat, cereals, flour, vegetable oil, commercial edible fish products, confectionery and macaroni items, margarine, and tea—by 8-13 percent. However, the output of these food products has not reached the level of the same month last year; the lag with respect to meat, cheeses, vegetable oil, cereals, confectionery items, and tea amounted to 25-40 percent.

The output of the entire range of dairy industry products fell as compared with the corresponding period of last month, butter (by 32 percent), cheeses (by 30 percent), whole-milk products (by 7 percent), and canned dairy products (by 27 percent).

The reduced volume of procurement of fruits and vegetables led to a decline in the average daily output of canned fruit and vegetables by one-half as compared with the corresponding period of last year.

Because of arrears owed by the Baskunchak industrial group to the railroad, during the first days of October the shipment of salt to consumers was suspended, which affected the pace of salt production. As compared with the corresponding period of last year and September of this year, during the elapsed 25 days of October the output of salt dropped by almost one-half.

Agriculture

By the beginning of November the grain harvest and gathering of potatoes at Russian farms were mostly completed. Vegetables still have not gathered from approximately 50,000 hectares (16 percent), sunflowers for seed—from 940,000 hectares (36 percent), and sugar beet (industrial)—from 235,000 hectares (17 percent) of the area planted.

In the kolkhozes and sovkhozes, 107.4 million tonnes of grain (in initial book weight) were threshed, including 1.1 million tonnes of corn grain; this is almost 15 million tonnes (16 percent) more than by this time last year. The grain output over the elapsed week amounted to 0.6 million tonnes, including 0.2 million tonnes of corn grain.

By 2 November, 23.6 million tonnes of grain (22 percent of the threshed volume) were delivered to grain procurement centers, which is 9 percent more than in 1991. Over last week about 0.5 million tonnes were procured. Mandatory procurement targets were met to the extent of 81 percent. Minimum mandatory deliveries were completed by 20 of the 62 territories in Russia for which such targets had been established; last week Irkutsk Oblast joined the list of territories that have completed targeted deliveries. Farms in Kaluga, Ryazan, and Voronezh Oblasts and Maritime Kray, which have shipped to the elevators more than 95 percent of the envisaged target volume of grain, are close to meeting their targets.

Peasant (privately-owned) farms sold 0.5 million tonnes of grain to the state (2.2 percent of the total procurement volume). Most of this grain was received from farmers in Voronezh, Lipetsk, Tambov, Volgograd, Saratov, Kurgan, Orenburg Oblasts and Altay Kray.

As compared with last year, with respect to the composition of procured grain the share of wheat decreased (from 55 to 48 percent), while that of rye increased (from 19 to 24 percent); the share of cereal crops remained the same (5 percent). Mandatory targets for wheat procurement were met by 69 percent, and of cereal crops—by 108 percent.

Public agricultural entities gathered 7.5 million tonnes of potatoes, which is 1.4 million tonnes less than last year. The volume of vegetables gathered amounted to 3.1 million tonnes, as compared with 4.1 million tonnes a year ago.

Harvesting of sunflowers for seed is proceeding in difficult conditions and later than usual; by the beginning of November they had been threshed on only 62 percent of the sown area (in 1991, 90 percent of the sown area had been harvested by this time). Output amounted to 2.1 million tonnes of oil-producing seed, and the average yield per hectare was 13.3 quintals, as compared with 2.7 million tonnes and 11.8 quintals last year. Considerable areas sown with sunflower remain to be harvested in Voronezh, Volgograd, Saratov, and Rostov Oblasts and Altay Kray.

The harvesting of sugar beet (industrial) continues. Over the elapsed week 1 million tonnes of root crops were gathered. Overall since the beginning of harvesting 22.3 million tonnes of beet have been gathered, or 201 quintals per hectare. Last year by this time output amounted to 23.1 million tonnes, while the average yield per hectare was lower and amounted to 175 quintals.

As compared with last year, there has been a considerable reduction with respect to the area sown with winter crops and plowed for the next spring sowing. The total area sown with winter crops amounted to 19.0 million hectares, which is 13 percent less than last year; the area of land plowed for spring sowing was 44.4 million hectares (23 percent less). It is practically inevitable that this will result in a decline in production volume in 1993.

The Consumer Market

During 26-30 October, as before, the food products in shortest supply on the consumer market were vegetable oil (which was not available in stores in 41 cities, in 23 of which

it was not available during the entire month), sugar (30 and 15 cities, respectively), and meat (24 and 10 percent).

Difficulties in purchasing dairy products were experienced by residents of Kursk, Makhachkala, Perm, Ulan-Ude, and Kyzyl; butter—in Ivanovo, Voronezh, Kursk, Tomsk, Nalchik, Ulan-Ude, and Yakutsk, and eggs—in Vladimir, Nalchik, Vladikavkaz, Yekaterinburg, Gorno-Altaysk, and Yakutsk.

Changes in the stocks and volume of sales of the basic food products and average retail prices for them over the week are characterized by the following data.

	As a Percentage of the Preceding Week				Store Saturation Index*	
	Production	Sales	Trade and Industry Stocks	Average Retail Price	10/19-10/23	10/26-10/30
Meat	101	102	103	101-109	2.9	3.0
Vegetable Oil	64	100	109	115	2.0	2.3
Sugar	95	131	100	106	2.3	2.4
Bread	98	90	104	103-137	3.8	3.8

*The value of this index is between 1 and 4 and is calculated as a weighted average taking into account the grouping of cities depending on the following situation on the market: the commodity is not available for sale (1); is sold by coupons (2); is available after standing in line (3); is easily available (4).

During the past week the situation with respect to seasonal goods worsened. Store saturation with fall heavy-woolen coats, men's sweaters, women's fall boots, and children's short boots has declined, while their prices rose in Russia as a whole by 2-6 percent. While a week ago residents of Vologda, Orel, Kostroma, Ryazan, Orenburg, Perm, Kyzyl, and Blagoveshchensk did not have any difficulty purchasing men's sweaters, this week this item was not available for sale. A similar situation existed with respect to women's fall coats in Murmansk, Tver, Kostroma, Makhachkala, Kemerovo, and Tomsk. The situation in Saransk, Vladikavkaz, Novosibirsk, and Kyzyl was especially difficult with respect to the assortment of goods for fall.

The Price Level

Mainly due to the effect of new grain procurement prices and wholesale prices for fuels, as well as the continuing decline in consumer goods production and wage increases for workers and office workers, prices for consumer goods in October rose considerably. The weekly rate of price increases during the current month was the highest since March of this year.

According to the data of the weekly survey of 132 cities in Russia, during the period of 20-27 October prices for basic food products rose by 5.2 percent—4.9 percent in retail trade and 5.9 percent at city markets.

Weekly changes in retail prices, taking city markets into account, in October by main groups of goods are shown below (in percentages):

	9/29 to 10/6	10/6 to 10/13	10/13 to 10/20	10/20 to 10/27
All goods	107.1	105.3	105.6	105.2
including				
Meat and meat products	107.4	103.9	103.9	103.7
Fish and fish products	102.8	104.8	104.4	104.2
Edible fats	107.3	106.3	104.6	104.8
Dairy products and cheeses	110.9	107.1	108.0	105.0
Eggs	119.5	111.5	104.2	111.0
Sugar	104.8	105.1	107.7	103.9
Confectionery items	106.6	108.8	104.8	107.1
Bread and bakery products	119.7	112.7	106.7	103.5
Cereals and pasta products	105.0	106.1	107.4	106.1
Potatoes and vegetables	103.7	103.0	103.0	105.6

Overall over the past two months, a period of an active surge in prices, according to the weekly survey data prices rose for 70 basic food products by more than 45 percent. Prices went up for practically all food products. The greatest increase was registered in the price of eggs—almost double as compared with August; of bread and bakery products, confectionery items, flour, cereals and pasta products—more than 1.5-fold; and of meat, fish, fats, milk products, sugar, and salt—by more than one-third.

The differentiation of prices across Russia's cities remains, which is to a large degree caused by the different extent of price regulation. In half of 132 surveyed cities in Russia prices are still regulated for milk and wheat bread made of Grades I and II flour; in one-quarter of cities—for rye-wheat bread; and in every third city—for cottage cheese, sour cream, and rye bread.

The lowest prices remain in cities where the administration continues to regulate them. For instance, in Ulyanovsk stores beef was being sold at R51 per kg and milk at R2 per liter; in Grozny, wheat bread made of Grades I and II flour—at R1.18 per kg. The highest prices for beef were registered in Magadan (R273 per kg); for milk—in Murmansk and Vladivostok (R34-36 per liter); and for Grades I and II wheat bread—in Nakhodka (R53 per kg).

During the last week prices at city markets started to rise faster than in retail trade. Prices for milk products and eggs rose by more than 10 percent a week and almost doubled over the past two months. By the end of October the average price of milk at city markets in Russia exceeded R25 per liter; of sour cream—R250 per kg; of cottage cheeses—R125; and of eggs—R65 per 10.

During the past two months prices for many nonfood items also went up sharply. For instance, men's low shoes cost about R1,500 at the beginning of September; by the end of October the price had risen to R2,900; women's boots—R2,000 and R6,900, respectively; a color television set—R20,000 and R38,000; and a refrigerator—R20,500 and R35,700.

As of 27 October the price of gasoline remained under R10 per liter in only seven cities in Russia (Novyy Oskol, Shebekino, Gorno-Altaysk, Barnaul, Norilsk, Salekhard, and Novyy Urengoy). The average price in Russia amounted to R23 per liter. Prices in excess of R30 were registered in 16 cities; in Magadan, it was R51 per liter.

Housing Construction

It is estimated that a total of 30 million square meters of housing will be commissioned over the year, which corresponds to the level of the beginning of the 1950's. Approximately 500,000 fewer families will move into new apartments this year than last.

During the elapsed period of this year 306,000 apartments with a total living area of 18.6 million square meters were built from all sources of financing, which amounted to 69

percent of last year. Most (76 percent) housing construction is being done by state enterprises and organizations. During January-September of 1992 they had 28 percent less (14.1 million square meters have been built) residential housing commissioned than during the corresponding period of last year, the volume of housing built with centralized financing declined by 39 percent (4.4 million square meters), and that built with enterprises' own financing—by 22 percent (9.7 million square meters).

Over January-September, 2.1 million square meters of housing were built with the population's own funds or with the help of state loans, this is 21 percent less than during the corresponding period of last year.

A very difficult situation is emerging with respect to construction of social-cultural facilities. Over nine months schools for only 160,400 pupil placements were built with all sources of financing, as well as preschool facilities with accommodations for 51,900 children, hospitals for 2,900 beds, and polyclinics for 16,000 visits per shift. As compared with last year's volume, the commissioning of the aforementioned facilities amounted to 39-63 percent, with respect to preschool facilities—73 percent.

If this pace of construction of nonproduction facilities continues, many government programs aimed at improving the social situation of Russian Federation citizens will not be fulfilled. For instance, over nine months of this year only 13 percent of the annual target envisaged in government decree No. 8 of 4 January 1991 has been completed with respect to rural housing construction, with respect to schools—15 percent; and with respect to preschool facilities—7.9 percent.

The commissioning of residential housing under the program of liquidating the consequences of the Chernobyl nuclear power station accident amounted to 311,500 square meters in January-September, or 33.7 percent of the annual target; of preschool facilities—to accommodations for 580 children (21.5 percent); of general education schools—for 2,619 pupil placements (27.9 percent); and of hospitals—for 145 beds (21.4 percent).

A considerable number of apartments need to be built for the military in carrying out Russian Government Decree No. 604 of 20 August 1992 "On Immediate Measures With Respect To Providing Servicemen, Persons Discharged from the Military Service, and Their Family Members With Housing." Over nine months, organizations of ministries and agencies that build housing specifically for the military (the Ministry of Defense, the Ministry of Internal Affairs, and the Ministry of Security) commissioned 1.6 million square meters of housing, which comprised 60 percent of the target volume for 1992.

Preparations for Winter

By the beginning of October the coal and boiler oil reserves accumulated by Russian Federation consumers were sufficient to meet needs for two months. However, not all regions have adequate supplies of fuel. In Perm Oblast by the beginning of October coal reserves were

enough to provide 14 days of operation; in Volgograd Oblast—18 days. The Chechen and Ingush Republics, Khakassia, Krasnoyarsk Kray, and Sakhalin Oblast have an 11- to 19-day supply of boiler oil.

Of serious concern are inadequate reserves of fuel at power generation enterprises in the Republic of Khakassia, Nizhny Novgorod and Tambov Oblasts, and the city of St. Petersburg, where coal reserves by the beginning of October were 42-60 percent lower than last year's level, reserves of boiler oil are 30-40 percent lower in Arkhangelsk, Kostroma, Voronezh, Saratov, and Tomsk Oblasts.

Despite a certain increase in fuel reserves as compared with last year in the boiler-houses and heat-distributing systems of the Russian Union for Housing and Municipal Services, shortages are being experienced by organizations in Krasnoyarsk Kray, where coal reserves were enough for only six days of operations; in the Republic of Tatarstan—for 17 days; and in Voronezh Oblast—for 12 days; reserves of boiler oil in Kamchatka Oblast were enough for nine days.

There were 665,000 tonnes (8 percent) less coal than last year stocked in the warehouses of rayon and city fuel-selling organizations of the Russian Industrial Association for Fuels, which supplies the population and the

social sphere. The decline in stocks was especially perceptible on the territory of the Mordovan, Chechen, and Ingush Republics, Khakassia, and Arkhangelsk, Kaluga, and Kemerovo Oblasts, where coal reserves were enough to ensure operations for 3 to 11 days.

By the beginning of October, housing and municipal services were supposed to complete winter preparation work over the entire territory of Russia. However, the preparation of housing stock amounted to 96.7 percent of the target; 94.1 percent of boiler-houses and 92.4 percent of heat-distributing systems were ready for operation; of decrepit heat-distributing networks, 90 percent were replaced, and of decrepit water-main systems—82 percent.

An especially unsatisfactory situation is emerging in the northern and eastern regions of the republic. With 1 September being the deadline for completing winter preparation work, as of the beginning of October only 56 percent of the housing stock was ready for winter in the Republic of Karelia; in Sakhalin Oblast—59 percent; in the Republic of Tuva—62 percent; and in Tomsk Oblast—66 percent. In Chita Oblast only 17 percent of decrepit heat-distribution systems were replaced; in the North Ossetian Republic—36 percent; in Volgograd Oblast—41 percent; in Kaliningrad Oblast—46 percent; and in the Republic of Khakassia—48 percent. In Amur and Rostov Oblasts and the Republic of Adygey less than 80 percent of boiler-houses are ready for the heating season.

Average Prices for Food Products in the Russian Federation (City Market)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Beef, Category 1	174.38	172.54	175.39	187.08
Pork	191.00	196.01	199.64	205.14
Pelmeni (meat-filled dumplings), frozen	131.13	130.71	133.96	140.47
Boiled sausage, Grade 1	192.65	205.88	236.04	252.23
Salami, Grade 1	316.19	301.67	364.14	374.66
Live fish	55.72	57.02	55.04	57.48
Herring, salted and brined, ivasi				
Butter	256.14	265.58	276.62	291.68
Vegetable oil	115.37	124.21	137.62	137.93
Melted pork fat	84.29	97.27	117.48	142.98
Table margarine	140.50	135.69	142.23	155.77
Pasteurized milk, 3.2-3.5 percent fat	20.17	20.97	24.22	26.53
Sour cream	198.33	209.42	223.43	254.21
Cottage cheese	84.97	90.98	108.14	126.51
Low-fat cottage cheese	41.96	42.20	49.77	54.00
Powdered cow's milk			120.00	150.00
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	338.68	378.86	396.25	399.72
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	180.00	190.00	190.00	235.54
Feta cheese	136.62	142.77	160.87	214.40
Canned fish, price per standard 350-gram can, natural with oil added (mackerel, scad)	51.07	60.31	63.29	63.82

Average Prices for Food Products in the Russian Federation (City Market) (Continued)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Canned fish, price per standard 350-gram can, salmon in tomato sauce	66.11	71.23	71.90	83.07
Canned tomato puree and paste		85.00	95.00	150.00
Canned fruit for children	184.71	196.87	196.39	215.82
Chicken eggs (price per 10)	61.70	71.63	61.47	67.42
Granulated sugar	102.50	102.24	116.70	125.52
Ordinary cookies (of the variety Apelinovoye, Privet etc.)	114.74	123.00	140.51	148.62
Spice cake, bulk	92.00	98.00	126.80	127.08
Caramel candy, wrapped	209.51	189.64	215.34	223.39
Bohea black tea, highest quality	727.62	769.69	810.86	946.87
Salt			7.00	7.00
Highest grade wheat flour	32.67	33.44	43.60	41.00
Wheat bread from highest grade flour	25.00			
Pretzels, Grade 1 wheat flour				
Milled and polished rice	53.25	52.40	57.50	58.70
Semolina	25.00	25.00	46.91	41.94
Milled millet	40.00		40.00	41.82
Unmilled buckwheat	72.56	82.11	83.58	84.23
Cerkeles oatmeal	56.67	53.20	53.20	53.20
Ground split peas		30.00		
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	74.93	79.51	83.85	87.45
Vermicelli, made from highest grade wheat flour	70.00	70.00	80.00	87.50
Elbow macaroni, all varieties, from highest grade wheat flour		80.53	95.26	100.00
80-proof vodka, price per liter	376.47	406.85	433.85	459.15
Mayonnaise	125.99	141.86	179.75	200.97
Potatoes	17.87	18.17	18.44	20.17
Fresh green-head cabbage	19.06	20.36	19.02	19.55
Yellow onions	30.18	31.88	32.71	35.93
Garlic	157.06	177.30	174.57	192.48
Red beets	29.67	29.13	33.22	33.38
Carrots	28.88	28.58	28.39	31.80
Apples	41.74	44.50	49.04	54.69
Tobacco products, price per pack of cigarettes	29.02	31.00	30.50	32.78
Tobacco products, price per pack of filter cigarettes	57.57	66.26	67.96	70.95
Matches	2.24	2.29	2.04	2.04

Note: The commodity price is per kilogram, meat cutlets and eggs—for 10, milk, kefir, and vodka—per liter, canned fish products per standard can, tobacco items and matches—per pack.

Average Prices for Food Products in the Russian Federation (Retail Trade)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Beef, Category 1	112.88	116.76	124.99	126.16
Pork	125.76	134.79	140.10	152.40
Meat patties (per 10)	96.29	97.41	104.94	115.73
Peimeni (meat-filled dumplings), frozen	81.09	90.34	95.57	97.50
Boiled sausage, Grade 1	167.24	180.82	188.56	195.55
Salami, Grade 1	253.79	271.51	292.74	303.50
Live fish	60.81	62.30	62.33	62.58
Mackerel, quick-frozen, refrigerated, unsegmented	54.25	58.17	57.89	61.86
Fish filet (mackerel)	89.81	83.91	86.45	101.80
Smoked fish (mackerel)	144.82	154.82	166.11	170.25
Herring, salted and brined, ivasi	93.72	102.25	116.60	133.10
Butter	221.93	233.22	240.90	250.73
Vegetable oil	77.58	83.97	89.04	102.88
Melted pork fat	88.31	99.27	101.61	108.45
Table margarine	86.89	96.44	105.49	108.89
Pasteurized milk, 3.2-3.5 percent fat	11.68	12.72	13.42	13.60
Fatty kefir	12.90	14.04	14.75	15.07
Sour cream	71.05	76.97	83.57	86.44
Cottage cheese	53.89	56.24	68.49	70.44
Low-fat cottage cheese	27.54	33.39	32.27	35.66
Powdered cow's milk	109.65	116.78	122.17	126.69
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	173.36	180.62	189.96	211.39
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	145.48	147.92	170.09	168.66
Feta cheese	108.86	112.34	113.05	133.27
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	43.66	49.92	53.46	58.20
Canned fish, price per standard 350-gram can, salmon in tomato sauce	60.24	64.34	66.21	73.54
Canned tomato puree and paste	65.36	72.21	74.09	84.20
Canned fruit for children	85.14	88.00	88.87	103.46
Chicken eggs (price per 10)	39.53	44.51	46.92	52.20
Granulated sugar	77.47	82.04	87.05	91.97
Ordinary cookies (of the variety Apelsinovoye, Privet, etc.)	91.83	98.64	101.15	107.83
Spice cake, bulk	75.25	80.25	85.01	90.05
Caramel candy, wrapped	146.29	149.99	162.16	184.12
Bohea black tea, highest quality	412.41	542.95	538.16	636.07
Salt	7.35	7.37	7.51	7.70
Rye flour	10.35	15.55	11.03	13.99
Highest grade wheat flour	28.22	32.39	34.55	35.83
Rye bread	17.60	18.60	19.61	18.91
Rye-wheat bread	17.25	18.63	20.81	21.61
Wheat bread from all-wheat flour	6.54	7.64	5.89	8.07

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Wheat bread from highest grade flour	30.93	32.88	32.55	34.12
Wheat bread from Grade I and Grade II flour	20.54	22.99	23.61	24.41
Rolls and buns from highest grade wheat flour, price per 500 grams	16.18	18.36	20.86	22.26
Rolls and buns from Grade I wheat flour, price per 500 grams	15.66	16.32	16.18	18.42
Rolls and buns from Grade II wheat flour, price per 500 grams	28.00	28.00	28.00	30.00
Pretzels, Grade I wheat flour	48.69	54.30	54.83	70.85
Rusk, Grade I wheat flour	64.32	68.28	73.26	77.43
Milled and polished rice	39.17	41.10	42.49	47.89
Semolina	22.18	28.00	31.95	32.61
Milled millet	15.77	17.01	23.34	29.09
Unmilled buckwheat	61.90	62.47	76.24	80.82
Gerkules oatmeal	31.25	32.26	40.34	43.39
Ground split peas	19.83	19.73	21.69	24.37
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	47.86	55.45	59.23	64.67
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade I wheat flour	35.15	37.98	31.42	40.02
Noodles, made from highest grade wheat flour	37.60	42.11	46.40	49.97
Vermicelli, made from highest grade wheat flour	39.53	42.93	47.43	50.77
Elbow macaroni, all varieties, from highest grade wheat flour	37.18	38.15	40.80	47.50
80-proof vodka, price per liter	318.53	324.57	351.75	378.72
Mayonnaise	108.66	116.06	119.22	142.85
Potatoes	22.00	23.11	23.58	23.40
Fresh green-head cabbage	19.25	19.65	20.63	21.21
Yellow onions	26.56	26.60	27.17	28.85
Garlic	161.96	170.48	182.28	194.46
Red beets	19.84	20.31	24.05	25.62
Carrots	21.64	22.71	27.72	30.13
Apples	40.10	47.74	49.44	55.03
Tobacco products, price per pack of cigarettes	23.23	24.34	28.37	31.71
Tobacco products, price per pack of filter cigarettes	51.62	56.39	59.89	68.45
Matches	1.37	1.45	1.47	1.46

Note: The commodity price is per kilogram; meat cutlets and eggs—for 10; milk, kefir, and vodka—per liter; canned fish products per standard can; tobacco items and matches—per pack.

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Beef, Category 1	146.64	147.69	153.32	158.45
Pork	181.22	188.31	190.92	197.30
Meat patties (per 10)	96.29	97.41	104.94	115.73
Pelmeni [meat-filled dumplings], frozen	81.97	90.93	96.03	98.19
Boiled sausage, Grade 1	167.31	180.89	188.60	195.70
Salami, Grade 1	255.16	272.05	294.82	305.14
Live fish	59.90	61.33	60.88	61.57
Mackerel, quick-frozen, refrigerated, unsegmented	54.25	58.17	57.89	61.86
Fish filet (mackerel)	89.81	83.91	86.45	101.80
Smoked fish (mackerel)	144.82	154.82	166.11	170.25
Herring, salted and brined, ivasi	93.72	102.25	116.60	133.10
Butter	223.73	234.99	243.00	253.76
Vegetable oil	84.39	93.15	99.55	109.48
Melted pork fat	88.21	99.19	102.77	111.02
Table margarine	87.57	97.13	106.10	109.80
Pasteurized milk, 3.2-3.5 percent fat	11.84	12.88	13.64	13.85
Fatty kefir	12.90	14.04	14.75	15.07
Sour cream	83.40	89.67	98.67	102.29
Cottage cheese	64.11	67.57	82.33	90.42
Low-fat cottage cheese	27.78	33.59	32.53	35.96
Powdered cow's milk	109.65	116.78	122.16	126.83
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	175.24	183.56	192.86	215.15
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	145.99	148.49	170.58	170.33
Feta cheese	127.90	126.08	144.01	186.44
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	43.75	50.10	53.73	58.36
Canned fish, price per standard 350-gram can, salmon in tomato sauce	60.52	64.67	66.63	74.40
Canned tomato puree and paste	65.36	72.26	74.21	84.67
Canned fruit for children	85.84	88.97	89.52	103.92
Chicken eggs (price per 10)	40.95	45.90	47.74	53.18
Granulated sugar	78.21	83.01	87.51	92.58
Ordinary cookies (of the variety Apelsinovoye, Privet, etc.)	92.12	99.06	102.02	108.86
Spice cake, bulk	75.28	80.28	85.39	90.36
Caramel candy, wrapped	148.87	151.73	164.57	186.32
Bohea black tea, highest quality	427.35	553.90	550.51	651.52
Salt	7.35	7.37	7.51	7.70
Rye flour	10.35	15.55	11.03	13.99
Highest grade wheat flour	28.32	32.40	34.59	35.87
Rye bread	17.60	18.60	19.61	18.91
Rye-wheat bread	17.25	18.63	20.81	21.61
Wheat bread from all-wheat flour	6.54	7.64	5.89	8.07

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative products	10/06/92	10/13/92	10/20/92	10/27/92
Wheat bread from highest grade flour	30.92	32.88	32.55	34.12
Wheat bread from Grade I and Grade II flour	20.54	22.99	23.61	24.47
Rolls and buns from highest grade wheat flour, price per 500 grams	16.18	18.36	20.86	22.26
Rolls and buns from Grade I wheat flour, price per 500 grams	15.66	16.32	16.18	18.42
Rolls and buns from Grade II wheat flour, price per 500 grams	28.00	28.00	28.00	30.00
Pretzels, Grade I wheat flour	48.69	54.30	64.83	70.85
Rusk, Grade I wheat flour	64.32	68.28	73.26	77.43
Milled and polished rice	39.96	41.39	43.04	48.25
Semolina	22.20	27.97	32.11	32.83
Milled millet	15.92	17.01	23.54	29.24
Unmilled buckwheat	62.31	64.12	76.88	81.34
Gerkules oatmeal	31.34	32.42	40.45	43.48
Ground split peas	19.83	20.04	21.69	24.37
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	48.35	56.20	60.11	65.34
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade I wheat flour	35.15	37.98	31.42	40.02
Noodles, made from highest grade wheat flour	37.60	42.11	46.40	49.97
Vermicelli, made from highest grade wheat flour	39.63	43.02	47.53	50.96
Elbow macaroni, all varieties, from highest grade wheat flour	37.18	38.45	41.04	47.76
80-proof vodka, price per liter	320.72	327.50	354.72	380.53
Mayonnaise	109.02	116.51	121.39	146.59
Potatoes	19.21	19.89	20.12	21.32
Fresh green-head cabbage	19.20	19.84	20.16	20.74
Yellow onions	28.42	28.94	29.77	31.90
Garlic	158.14	175.80	176.20	192.92
Red beets	23.66	23.43	27.34	28.54
Carrots	25.00	25.43	28.03	30.85
Apples	41.28	45.43	49.17	54.81
Tobacco products, price per pack of cigarettes	23.96	24.97	28.63	31.79
Tobacco products, price per pack of filter cigarettes	52.22	57.30	60.50	68.66
Matches	1.39	1.46	1.43	1.48

Note: The commodity price is per kilogram, meat cutlets and eggs— for 10, milk, kefir, and vodka—per liter, canned fish products per standard can, tobacco items and matches—per pack.

Average Prices on Nonfood Products in the Russian Federation

Representative product	10/06/92	10/13/92	10/20/92	10/27/92
Men's light overcoat, wool blend	4,352.89	4,812.79	4,725.34	5,148.13
Two-piece suit, wool blend	3,453.11	3,530.37	3,639.93	3,817.35
Men's trousers, wool blend suit fabric	894.55	928.32	947.16	984.76
Men's shirt, cotton fabric	432.10	444.27	438.01	463.90
Women's light overcoat, wool blend	4,887.47	5,054.52	5,140.77	5,252.27
Women's dress, wool blend	1,030.56	1,021.15	1,035.18	1,037.63

Average Prices on Nonfood Products in the Russian Federation (Continued)

Representative product	10/06/92	10/13/92	10/20/92	10/27/92
Boys' jacket, lined, synthetic fabric	1,678.55	1,882.82	1,835.05	2,070.14
Girls' dress, wool blend	357.82	363.91	384.15	418.25
Boys' shirt, flannel or fustian	118.40	124.12	126.94	129.13
Men's jumper (sweater), pure wool yarn	2,070.80	2,359.39	2,481.54	2,622.99
Children's T-shirt, cotton fabric	53.35	53.95	55.05	57.71
Women's pantyhose, elastic	116.54	118.08	120.73	122.81
Men's socks, cotton	49.81	52.16	53.14	53.56
Children's socks, cotton	21.75	22.81	22.70	24.02
Children's tights, cotton	73.30	77.51	78.65	82.62
Men's low shoes, fashion, with natural leather sole	2,687.23	2,693.42	2,925.45	2,893.93
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	5,672.79	6,075.77	6,536.41	6,908.38
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	2,390.81	2,444.87	2,532.19	2,552.85
Summer shoes for school-age girls, medium heel, porous rubber sole	459.75	447.76	447.65	495.76
Refrigerator, floor-standing, semi-automatic defrost (KSh-260)	28,269.47	31,625.09	33,883.77	35,741.11
Electric iron, automatic	940.95	990.15	1,069.59	1,106.59
Color television, non-portable (screen diagonal 61-cm.)	29,741.57	32,325.73	35,592.56	38,026.41
Gasoline	17.54	20.64	21.99	23.22
Coal	201.14	203.73	204.64	206.61
Firewood	90.04	93.72	93.39	91.63
Peat briquettes	170.02	165.99	178.65	178.51
Electric power (urban localities)	0.30	0.32	0.33	0.34
Electric power (rural localities)	0.19	0.20	0.22	0.22

Note: Commodity price is per item, gasoline—per liter, coal—per tonne, firewood and peat briquettes—per cubic meter, and electric power—per kilowatt-hour

Cities With Maximum and Minimum Prices (As of 27 October 1992), Taking City Market Prices Into Account

Representative commodity	City	Minimum price per product unit (rubles, kopeks)	City	Maximum price per product unit (rubles, kopeks)
Category I beef	Ulyanovsk	84.22	Magadan	272.93
Grade I cooked sausage	Norilsk	90.00	Novyy Urengoy	455.00
Grade I salami	Chistopol	170.00	Magadan	880.49
Butter	Ulyanovsk	78.74	Blagoveshchensk	413.26
Vegetable oil	Shuya	40.00	Blagoveshchensk	299.00
Pasteurized milk, 1.5-3.5 percent fat	Ulyanovsk	2.00	Vladivostok	39.59
Sour cream	Ulyanovsk	25.00	Petropavlovsk-Kamchatskiy	308.17
Hard rennet cheese (of the variety Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	Ishimbay	99.00	Magadan	485.00
Chicken eggs—price for 10	Naberezhnyye Chelny	17.00	Petropavlovsk-Kamchatskiy	141.00
Granulated sugar	Kursk	20.50	Yekaterinburg	162.00
Rye-wheat bread	Ulyanovsk	4.71	Vorkuta	37.50

Cities With Maximum and Minimum Prices (As of 27 October 1992), Taking City Market Prices Into Account (Continued)

Representative commodity	City	Minimum price per product unit (rubles, kopeks)	City	Maximum price per product unit (rubles, kopeks)
Wheat bread made of first and second grade flour	Groznyy	1 18	Nakhodka	53 00
Milled millet	Kamyshin	5 90	Omsk	64 00
Vermicelli from highest grade wheat	Orel	10 50	Syzran	94 00
Potatoes	Ishimbay	6 09	Magadan	86 78
Fresh green-head cabbage	Chistopol	7 94	Magadan	81 06
Yellow onion	Izhevsk	14 45	Petropavlovsk-Kamchatskiy	98 01
Apples	Ryazan	10 00	Magadan	273 12
Tobacco items—price per pack, filter cigarettes	Norilsk	30 00	Surgut	230 00

Cities With Maximum and Minimum Prices (As of 27 October 1992), Without Taking City Market Prices Into Account

Representative commodity	City	Minimum price per product unit (rubles, kopeks)	City	Maximum price per product unit (rubles, kopeks)
Category I beef	Ulyanovsk	51 06	Magadan	272 93
Grade I cooked sausage	Norilsk	90 00	Novyy Urengoy	455 00
Grade I salami	Chistopol	170 00	Magadan	880 49
Butter	Ulyanovsk	8 00	Blagoveshchensk	413 33
Vegetable oil	Shuya	40 00	Blagoveshchensk	299 00
Pasteurized milk, 1.5-3.5 percent fat	Tyumen	2 00	Vladivostok	35 71
Sour cream	Ulyanovsk	24 34	Petropavlovsk-Kamchatskiy	308 17
Hard rennet cheese (of the variety Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	Ishimbay	99 00	Magadan	485 00
Chicken eggs—price for 10	Naberezhnyye Chelny	17 00	Petropavlovsk-Kamchatskiy	141 00
Granulated sugar	Kursk	20 50	Yekaterinburg	162 00
Rye-wheat bread	Ulyanovsk	4 71	Vorkuta	37 50
Wheat bread made of first and second grade flour	Groznyy	1 18	Nakhodka	53 00
Milled millet	Kamyshin	5 90	Omsk	64 00
Vermicelli from highest grade wheat	Orel	10 50	Syzran	94 00
Potatoes	Penza	6 92	Magadan	62 73
Fresh green-head cabbage	Barnaul	8 00	Magadan	81 06
Yellow onion	Rubtsovsk	13 00	Petropavlovsk-Kamchatskiy	92 50
Apples	Ryazan	10 00	Yakutsk	238 50
Tobacco items—price per pack, filter cigarettes	Norilsk	30 00	Surgut	230 00

Cities With Maximum and Minimum Prices (As of 27 October 1992)

Representative commodity	City	Minimum price per product unit (rubles, kopeks)	City	Maximum price per product unit (rubles, kopeks)
Men's light overcoat, wool blend	Chistopol	2,090.00	Novyy Urengoy	10,000.00
Women's dress, wool blend	Tver	376.00	Samara	3,700.00
Men's socks, cotton	Naberezhnyye Chelny	25.00	Kemerovo	200.00
Children's socks, cotton	Yaroslavl	12.00	Tyumen	75.00
Men's low shoes, fashion, with natural leather sole	Izhevsk	590.00	Nalchik	8,000.00
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	Voronezh	724.09	Syzran	5,500.00
Color television, non-portable (screen diagonal 61-cm.)	Makhachkala	18,500.00	Surgut	77,000.00

Cost of Basic Food Product Selection (as of 10/27/92),
Taking City Market Prices Into Account

City	Selection Cost (rubles, kopeks)
Magadan	1,320.26
Petropavlovsk-Kamchatskiy	1,116.07
Nakhodka	999.28
Vladivostok	957.34
Yuzhno-Sakhalinsk	946.25
Blagoveshchensk	919.87
Murmansk	901.33
Yakutsk	871.92
Syktyskar	867.90
Chelyabinsk	867.87
Prokopyevsk	855.27
Shakhty	837.31
Saratov	826.85
Tyumen	826.31
Khabarovsk	817.76
Arkhangelsk	814.34
Armavir	785.46
Kemerovo	783.42
Vladikavkaz	780.54
Komsomolsk-na-Amure	773.35
Perm	773.11
Ivanovo	753.62
Kurgan	739.96
Birobidzhan	737.13
Kaliningrad	733.60
Angarsk	713.30

Cost of Basic Food Product Selection (as of 10/27/92),
Taking City Market Prices Into Account (Continued)

City	Selection Cost (rubles, kopeks)
Vorkuta	698.20
Apatity	693.78
Moscow	682.37
Yekaterinburg	681.19
Novokuznetsk	677.09
St. Petersburg	676.61
Salekhard	664.69
Ukhta	664.45
Sovetsk	664.43
Serov	660.63
Petrozavodsk	657.11
Shuya	654.68
Pskov	649.03
Makhachkala	647.15
Miass	646.75
Smolensk	646.01
Irkutsk	644.76
Vladimir	643.73
Novosibirsk	642.74
Tula	641.65
Novgorod	637.64
Izhevsk	637.30
Tayshet	636.16
Krasnoyarsk	633.38
Vologda	630.68
Rybinsk	629.33

Cost of Basic Food Product Selection (as of 10/27/92),
Taking City Market Prices Into Account (Continued)

City	Selection Cost (rubles, kopeks)
Syzran	628.23
Kaluga	624.92
Kopeysk	623.86
Tomsk	618.82
Nizhniy Tagil	618.13
Chita	615.98
Stavropol	614.69
Arzamas	614.14
Yaroslavl	612.16
Cherepovets	604.57
Groznyy	600.69
Samara	600.69
Belgorod	599.66
Divnogorsk	596.67
Orenburg	594.13
Kostroma	591.97
Tuapse	581.40
Ulan-Ude	580.97
Nizhniy Novgorod	580.96
Krasnodar	579.80
Obninsk	579.03
Tolyatti	577.91
Bryansk	576.77
Novomoskovsk	576.69
Barnaul	574.98
Yurga	572.65
Dzerzhinsk	570.31
Ryazan	566.16
Saransk	565.06
Cherkessk	563.70
Norilsk	562.73
Orsk	562.29
Shebekino	559.16
Lipetsk	558.20
Berdsk	556.16
Kirov	555.18
Nevinnomyssk	554.71
Novorossiysk	554.53
Elista	547.09
Gorno-Altaysk	545.31
Ufa	537.87
Novocheboksarsk	536.77
Neftekamsk	533.71

Cost of Basic Food Product Selection (as of 10/27/92),
Taking City Market Prices Into Account (Continued)

City	Selection Cost (rubles, kopeks)
Abakan	532.41
Rostov-na-Donu	531.33
Volgodonsk	527.33
Voronezh	526.20
Sterlitamak	526.11
Kirovo-Chepetsk	525.88
Kyzyl	524.48
Cheboksary	521.60
Kursk	518.50
Volgograd	517.37
Rubtsovsk	516.12
Iver	515.78
Nalchik	506.24
Omisk	505.20
Astrakhan	505.05
Novyy Oskol	501.47
Ishimbay	497.08
Kamyshin	484.16
Taganrog	481.94
Penza	475.71
Tambov	474.47
Yoshkar-Ola	474.06
Kazan	452.49
Orel	449.66
Naberezhnyye Chelny	445.59
Yelets	444.38
Chistopol	439.42
Brysk	430.22
Ulanovsk	372.86
Russian Federation	622.55

The basis for comparison of the cost of a basket of the same products in different cities is a conventional basic food product selection made on a weekly basis for 19 representative products, proceeding from the minimum consumer budget calculated per male of work-eligible age, as developed by the former Goskomtrud [State Committee for Labor and Social Problems] and used for the first time in calculations of a minimum consumer budget in the 500 Days program. These products (consumption volumes are indicated on a per-year basis) include: rye bread (92 kg), wheat bread (86.7 kg), millet (18.1 kg), vermicelli (7.3 kg), sugar (24.8 kg), vegetable oil (10 kg), butter (3.6 kg), beef (42.0 kg), boiled sausage (2.2 kg), salami (1.1 kg), milk (184.3 liters), sour cream (4.2 kg), hard cheese (2.0 kg), eggs (183), potatoes (146 kg), fresh cabbage (29.8 kg), onion (10.2 kg), apples (11 kg), and cigarettes (96 packs).

This listing was chosen by virtue of the relative stability seen in availability of these products for sale, enabling a well-founded analysis to be made of the cost dynamics of the product selection.

Only those cities where not more than three items from the list were absent during the given or preceding price registration were taken into consideration, since it is assumed that otherwise the calculated data would not provide an objective cost-of-living picture.

If the item was absent during the 10/27/92 registration, its price was substituted in the calculation by the value observed during the preceding registrations.

Parliamentary Experts Score Concept of Collective Ownership

934A0461A Moscow MOSCOW NEWS in English
No 45, 8-15 Nov 92 p 11

[Interview with Viktor Golubev and Georgy Tal by Olga Berezhnaya: "All Together to Bankruptcy?"]

[Text] The "collective" version seems to win in practice in the heated discussions about privatization: workers get the controlling interest in a factory. How can "collective property" show its efficiency? Olga Berezhnaya interviews Viktor Golubev and Georgy Tal, experts in Russia's Supreme Soviet who participated in the development of the state privatization programme.

V. Golubev: It has been said time and again that the main task of privatization is to create an effective owner. But let's see what privatization has led to in Moscow. We recently dropped in at a cafe on Samotechnaya Square, owned by a collective which bought it through a lease agreement. The vendors behind the counter were drunk, cockroaches were darting across the tables and there were only two dishes on the menu: cabbage soup and cabbage-and-meat balls, which only someone suicidal would risk eating. Moscow government officials are showered with complaints about the work of collective owners who, instead of making a wider variety of dishes available and increasing sales, are inflating prices, reducing the length of the working day and arranging for themselves additional days off. As to profits, they get them by leasing floor space to commercial structures for big money. Meanwhile, they bought back their trading establishments damn cheap.

MN [MOSCOW NEWS]: You're right. Bakers' shops in central Moscow were sold for 3,000-5,000 rubles.

V. Golubev: What was the gain for Muscovites as a result of such privatization? Service worsened instead of being improved, the city budget lost billions of rubles and—this is the main thing—many of these shops were bought by people who cannot and do not want to work.

MN: But maybe the reason for this lies in the "specific character" of trade?

V. Golubev: The manager of a hairdressing salon recently came to see us, crying. "I don't know what to do," she said. We helped to privatize this hairdresser's, and at that time advised the manager to divide the shares in such a way that she had the controlling interest and thus had the right to make decisions. We also advised her to take on more efficient helpers. But she refused, saying she could not—giving way to the communist ideal. What's happening now? Do you know what a woman's hairdo costs?

MN: It is 100-150 rubles, including styling.

V. Golubev: At the end of the shift each hairdresser turns over 150-200 rubles to the cashier. The rest they put in their pocket. The manager gets them together and tries to persuade them that more money is needed for repairs. She says she has been ordered by firemen and warned by the sanitary-epidemiological station to hire a chairwoman, but there is no money for this. They look at her with honest eyes, and vote for everything to remain as it is.

G. Tal: Their behaviour is quite natural, because these owners are, at the same time, hired labor. The main source of their existence is not profit, but salary. For what amount can a worker buy shares in his enterprise? Twenty, thirty thousand? It means that even if the enterprise works at 100 percent profit, these shares will gain 20,000-30,000 rubles a year. And the monthly wages of a worker is 10,000 rubles. Let's look at this problem from a different angle: we have two similar enterprises, the first with ten owners, the other with 1,000. Both earned the same amount in a month, and a profit of 10 million was divided according to shares. In the first case, each got one million. Well, a person will take, say, 100,000 as pocket money, the rest will be spent to expand production to bring more profit. But when there are 1,000 owners, each will get 10,000 rubles. Will they spend anything from this amount to expand production? Of course not. They will even ask why they earned so little. The bigger the enterprise, the more dispersed the property and owners, the less will they be interested in profits. When the members of the work collective, who have become share-holders, get together, they will forget that they are owners and will vote not for expanding and modernizing production, but for raising wages. In this situation, the capital of an enterprise will inevitably be wasted.

V. Golubev: Strikes in the West end differently: in some cases, when the employer cut wages but had super-profits, usually he would yield under pressure from the workers' unions. But if workers go too far in their demands, he will prefer to close down the factory rather than continue production at a loss. It is important that hired workers are counterpoised by the actual owner and not the state or a ministry. Two years ago miners went on strike in our country. Did Shchadov, Minister of the Coal Industry, lose wages? Not at all. He went on receiving his ministerial salary. But had he been an owner, losing millions every day, his behavior would be utterly different.

G. Tal: In that case, normal market economy levers would start working. But it seems to me that we are going to settle these objective conflicts existing throughout the world by creating some hybrid of an owner and a hired worker. A slightly disguised slogan is now in use: if you become an owner of your enterprise, you will have a job for the rest of your life, and high wages. Nothing of the kind. If an enterprise is not expanded, but wasted away—this is what economic self-interest prompts a collective owner to do—it will go bankrupt, and the workers will become unemployed.

MN: There are quite a number of enterprises abroad with collective property, and they are said to be operating just as well as the private ones. Is this so?

V. Golubev: All these structures sprang up out of an advanced capitalist economy, as a result of a struggle between the employer and the hired worker. Conflicts and strikes, especially in assembly-line production, result in too great losses. In this sense, a collective enterprise in the West is the result of a reasonable compromise in society.

G. Tal: Not only of a compromise, but of a quite concrete calculation. To the question of whether an enterprise with a collective form of ownership runs more effectively than a private one, our Western companions reply: it's nonsense, they operate much worse than private factories, but any capitalist state can count money and realizes that the expenses it will bear in social allowances for unemployment when closing down enterprises will be rather big, since the living standards in those countries are very high. Therefore, it is sometimes more profitable to make these enterprises the property of their staff than to pay them social benefits.

V. Golubev: Note that even at Western enterprises with a collective form of ownership, there are concrete structures with definite executive powers, engaged in management. With the "Soviet" principle still in use—i.e., to divide everything, to govern all together and to answer for nothing in particular—the enterprises with a collective form of ownership will simply go bankrupt. But if this happens to a considerable portion of all factories, one can imagine what will happen to production throughout the country.

MN: But there are also other examples, such as the Moven ventilator plant of Moscow.

V. Golubev: All right, take Moven. They became a joint-stock company through lease-with-redemption. At first, it was something like a collective farm. Then its director and his supporters began, little by little, to get rid of (this is quite logical and reasonable) some of its members, such as drunkards and shirkers. They are subjected to staff reductions for various reasons, and small shares are paid to them, which is also logical because the enterprise was bought back according to the residual value. After that there remains a well-knit collective of like-minded owners, which begins to act according to the laws of the market economy.

MN: I have heard that the Moven regulations used to state that one person can own not more than 5 percent of the shares, whereas now it has been increased to 33 percent. One foreign businessman maintained that the manager must own about 25 percent of the shares. Otherwise, it will be profitable to him to betray the interests of the collective for a big bribe.

V. Golubev: This is about the same as two gamblers, who are playing preference, settle up with their own money, and the third with someone else's money.

G. Tal: The factory managers realize well the absurdity of such a system. They regard collective ownership as some transition stage. Later, buying back shares from a part of the workers, they'll get an impressive packet, and also the power that makes it possible to administer...

MN: So, in your opinion, collective property does not promise anything good and, therefore, a worker must not become an owner?

V. Golubev: Why not? Surely a worker can have shares, including those which give the right to manage another enterprise. But he cannot be a real owner at the factory where he works as hired labor. Perhaps the enterprises with a collective form of ownership will be able to run efficiently. But this will happen only after establishing normal market relations, when management is personified. Otherwise, it threatens with bankruptcy not only the enterprise with collective ownership, but also its allied industries, and ultimately the entire national economy.

MN: If so, then why does the privatization program give such privileges to workers?

V. Golubev: One had to submit, to a certain degree, to traditions and to the psychology prevailing in society. But let's hope that a real market of securities will appear soon and that workers, having realized their interests, will really be able to choose the shares of those enterprises—their own or others—that will make them real owners.

Sources, Functions of Foreign Currency Explored

934 10461B Moscow, *NEW TIMES INTERNATIONAL*
in English No 44, Oct 92

[Article by Nina Plekina: "An Intricate Circulation of Foreign Currency in Russia"]

[Text] Unless the ruble becomes a convertible currency real money will continue to flow out of Russia, in one way or another.

A queer situation has arisen in Russia. On the one hand, it has no foreign currency, and the government humbly requests Western banks to defer payments and interest on credits granted earlier. On the other hand, there is plenty of foreign currency. Just look at the prices on most expensive commodities (flats, country houses, cars and garages). These prices grow in relation to the falling exchange value of the ruble. This means that a more or

less substantial ruble market for commodities does not exist, most of them actually being bought and sold for foreign currency.

Since foreigners are not very interested in property of this kind, there is no doubt it is bought mainly by Russians who either have lots of bucks or bags of rubles.

Sources of Foreign Currency

It is practically impossible to determine where foreign currency comes from, where it can be found, where it goes and how it is spent.

There are different mechanisms regulating the circulation of foreign currency whether it's through the bank or in cash. Along with the legal sources, which can be controlled, there are numerous illegal channels for the flow of foreign currency, where it is extremely difficult to estimate the sums at stake. In the last analysis a purely methodological question arises. What can be regarded as foreign currency in a given case? Only dollars and deutsche marks accepted in what is called "commercial shops" or all of the 18 convertible Western currencies? And what about Polish zlotys then? For obvious reasons they are becoming a popular foreign currency in Russia. However, the zloty is not convertible, due to terms set by the International Monetary Fund.

There are several main sources of the flow of foreign currency in Russia. The most important of them is export. Russia exports goods, services and gold. While being a type of commodity, gold is always considered separately by virtue of its specific character. During the first eight months of this year Russia exported goods worth 21.5 billion dollars, with 85 percent of them being sold for freely convertible currency. However, only 4.4 billion dollars was entered into the accounts of Russian exporters, or not more than a fourth of the registered income from hard currency export. Though the rest of the export was also evaluated in dollars, this did not increase the inflow of foreign currency because trade was done on a barter basis, clearing payments were used, the buyer did not pay for the goods in time, the currency payments were used to pay a part of state debts, or they were simply kept secretly abroad. In any case, the sum of the foreign currency received by Russia from export is probably a fourth of the total sum of export.

Service earnings from the export of services are minor. During the first eight months they made up only 340 million dollars. This comes as a surprise considering that newspapers report our vessels and planes, chartered by other countries, carrying numerous goods, performing unique transport operations, and so on. The export of insurance services is practically underdeveloped. Foreign tourism is in a rudimentary state, though it is one of the most profitable spheres in many countries. Moreover, there is a much less famous history and smaller quantity of historical monuments.

The export of gold is an ambiguous matter. It has always been used to patch up holes in the trade balance and,

therefore, no forecasting or scientific analysis could be made. For some reason Western experts believe that this year Russia will export gold worth one billion dollars, though the actual figure may differ substantially.

Foreign credits are another source of the inflow of convertible currency. At present Russia receives credits from foreign governments, private banks and firms and international financial organizations. Small credits extended to the former USSR and the credits currently being received by Russia come through official channels. Some enterprises also manage to get credits for the purchase of goods abroad. Lastly, international organizations promise various credits to be granted for concrete aims by the end of the year.

This source of receiving foreign currency becomes increasingly doubtful because of Russia's inability to repay credits. Besides, in most cases credits are tied, that is, they can be used only for the purchase of strictly defined goods or spent on aims agreed on by the creditor. It is possible that Russia will be able to receive foreign currency from the countries indebted to it. But each dollar will have to be squeezed with great difficulty. And, it will not be a large sum.

Foreign investments are a third, and more modest source. From 1987, when it was first officially allowed to set up companies with foreign capital, to May of this year the volume of foreign investments rose only to 3.4 billion dollars. Moreover, there was state registration of enterprises in the Soviet Union, though this was done in a slipshod manner. At present, there is no accounting of really functioning foreign capital.

The prospects for foreign investment this year are rather bleak. Their volume will hardly reach 200 million dollars. This figure can be determined by reports on new registered enterprises receiving foreign investments.

Here is one of them. Two citizens of Lebanon, contributing 25,000 rubles each (less than 100 dollars), registered a joint-stock company of a closed type. With this money they are going to organize retail and wholesale trade and a network of shops, restaurants, hotels and vacation resorts, agricultural and industrial production, and render business and mediation services. Even if the respected businessmen manage to find rich sponsors, it is far from the kind of foreign investment Russia needs. Unfortunately, the vast majority of joint ventures are companies of this kind.

There is lastly one more source which, unlike the above-mentioned ones, ensures the inflow of foreign currency in cash. The most profitable item here is the unlawful export of raw materials. Newspapers reported on cases when whole trainloads of oil went to the Baltic states. From these states oil was exported straight to the West. The lack of custom houses on the borders with neighbouring countries allows businessmen to export practically any goods, which are then immediately resold for hard currency, while payment is often made in cash to avoid taxes and registration. This author once watched

at Sheremetievo airport in Moscow as a home-grown businessman nervously transferred from one pocket to the other a thick pack of 100 dollar bank notes before the customs check-point. An upright American standing beside him was very surprised and said he never kept such a large sum in his hands. Catching his amazed look, our businessman explained in poor English that he earned dollars from the export of non-ferrous metal scrap. According to some estimates, such unlawful export brings in a billion dollars a month.

Cash also gets into Russia by "business tourism"—when our citizens export whatever can possibly be sold on the markets of neighbouring countries. Foreigners, mainly Vietnamese, also contribute their "share" to this process. They take out Russian-made goods in export quantities and come back with dollars in their pockets. It is believed that our compatriots bring about one billion dollars in cash from Poland alone every year.

Foreign currency is brought into Russia also by foreign tourists, businessmen, diplomats and other officials who spend it here. They exchange currency into rubles in banks or, more often, on the streets, being surprised how everything is cheap in Russia. A 40-liter tank of petrol for a motor car costs 1,000 rubles, or three dollars. A hearty dinner for four with caviar and wine costs 12,000 rubles, or 40 dollars. They also go to hard currency shops, being surprised how everything is expensive there.

Finally, there is one more source of cash foreign currency—the dollar wages received by many Russians employed in foreign offices. Some people earn so much that they can afford to exchange part of their incomes into dollars even at the present wild rate. It is estimated that at least three million people in Russia earn an average of 500 to 1,000 dollars a month, with three percent of them earning more than 2,000 dollars a month.

Where Foreign Currency is Concentrated

After foreign currency gets into Russia it can go to various places, first of all to the Central Bank, one of whose functions is the distribution of currency values.

In accordance with current legislation these values include actual foreign currency, securities in foreign currency (checks, bills, letters of credit), stocks (shares and bonds), precious metals (gold silver, platinum and metals of the platinum group in any form and state, except jewelry), natural precious stones (diamonds, rubies, emeralds, sapphires and alexandrites, processed or unprocessed, as well as pearls, except jewelry and domestic articles). All these values constitute the currency assets of the Central Bank. They can be kept both in storage inside the country or on deposits abroad, about which the broad sector of the population knows nothing.

The main source of augmenting the Central Bank's currency assets is the compulsory sale by exporting enterprises of a part of their currency earnings to the state currency reserve.

In the first half of this year all exporters were compelled to sell half of their currency earnings—40 percent to the republican currency reserve and 10 percent to the ruble stabilization fund. In the second half of this year the exporters will sell 30 percent of the currency earnings directly to the bank and 20 percent at the free currency market. During the first eight months of this year the volume of currency sales by exporters to the Central Bank made up 862.4 million dollars. A greater part of this sum was used in the first half of the year to maintain the exchange value of the ruble at the exchange market.

Commercial banks are another place where foreign currency is concentrated. They also have foreign currency assets and have opened currency accounts for Russian enterprises and some bold citizens.

Since currency legislation is not clear and government and Central Bank actions are hardly predictable, many enterprises and private persons prefer to keep dollars in foreign bank accounts. This runs counter to current legislation under which one can have foreign currency abroad only for the conclusion of a definite deal and during his stay on a business trip. After the completion of their business deal all Russians must close their currency accounts and transfer money to one of the Russian banks.

However, it is impossible to check up on how this rule is observed. According to the Ministry for Foreign Economic Relations, Russian enterprises keep abroad six to eight billion dollars, with 30 to 35 percent of this sum transferred this year. True, a large part of these deposits is used for the payment of the subsequent import of goods. However, all of them are illegal because they are exempted from taxation in this way.

As for accounts opened by private persons in the West, the sums kept there are not very big. It is estimated that 150,000 to 200,000 Russians have opened accounts in Western banks. Since account-holders are unable to transfer their money from the West to Russia in a civilized way it's impractical to keep large sums there. Most accounts have 1,500 to 2,000 dollars. True, it should be remembered that roughly 20,000 Russians have Western credit cards. This means that they keep no less than 20,000 dollars each on their accounts.

Finally, most widespread for Russia and, incidentally, for many Eastern countries is to keep foreign currency at home. Russians no longer believe banks after the bankruptcy of the Vneshekonombank, which for many years was the only Soviet bank authorized to open currency accounts. At the end of last year some "clever" officials proposed freezing the miserable sums kept by Soviet citizens in their currency accounts. They thought that these sums would improve the situation in the payment of foreign debts. Soon after private persons began to withdraw all the money they kept in banks.

Opinion polls show that most Russians prefer to keep their dollars at home. Three years ago only 10 percent of citizens had foreign currency, today 49 percent have

foreign currency (or had it before) or at least know how it looks and where it can be bought.

Where Foreign Currency Goes

There are also various ways in which foreign currency is spent. A large part of foreign currency goes on imports.

During the first eight months of this year imports amounted to 21.7 billion dollars. Hard currency was paid for the import of 91 percent of goods. The vast majority of imported goods—so-called centralized imports—were paid by the state from currency reserves which consist of newly received credits. Enterprises spent only 1.8 billion dollars on import. They also had to pay 364 million dollars for the import of needed services. These payments exceed all the available hard currency earnings from export. The aim is to at least avoid an unfavourable trade balance, there can be no talk about a hard currency profit in the budget.

A very large foreign currency expenditure is the repayment of the foreign debt. This year, after all delays, Russia has to pay 11 billion dollars. Only 1.1 billion dollars has really been paid so far. None of the former republics of the USSR pays its share of the foreign debt. Russia is left trying to free herself from this mess on her own.

Every year Russia has to pay several hundred million dollars in contributions to international organizations where it is a member. It has to make payments to the United Nations, the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development and other several dozen organizations. Russia takes part in giving humanitarian aid to other countries, also in hard currency. Refusal to make these relatively small payments means isolation from the world community.

The most alarming expenditure item in foreign currency is what is called the flight of capital. This phenomenon is typical for the majority of developing countries and also for countries where the government pursues an unreasonable currency and tax policy.

There is a general rule, the higher the taxes, the stronger the flight of capital. In the case of foreign currency in Russia the function of a tax is carried out by the legislative order for the compulsory sale of a part of export earnings to the state. Since exporters were compelled to sell nearly half of their currency earnings at the so-called commercial, obviously underrated, rate, the flight of capital assumed wide proportions. Now that the President mentioned the possible introduction of a 100-percent sale of currency earnings and officials talk about the probable closing of enterprises' currency accounts, the flight of capital could increase.

The channels of capital outflow are obvious. First of all, roughly 10 percent of export earnings is not transferred to Russia, under the pretext that the importer of Russian goods allegedly refused to pay for them. In fact, the payment is made, but the earnings remain on accounts in Western banks. Secondly, Russian importers and exporters

began to take advantage of transfer prices, long known by transnational corporations, that is, the overestimating of the cost of importing goods and the understating of the cost of exports. In fact, settlements are made at market prices, and the difference achieved in this way remains on the account of a Russian enterprise abroad.

It is believed that the export prices of Russian commercial organizations are understated and import prices are overstated by 10 to 15 percent. In this way 300 to 500 million dollars are transferred abroad every year.

Thirdly, advance payments on import contracts are common now. After Western partners receive foreign currency sums from Russian enterprises they simply enter them in their accounts and do not supply goods causing the contract to be considered broken. Every year 200 to 350 million dollars flow from Russia in this way.

Finally, suffice it to open any newspaper or classified adds to see one more channel of capital out of the country. Emigrants leaving Russia for permanent residence abroad sell their flats, garages and country houses for hard currency on condition that appropriate sums will be deposited to their accounts in Western banks. In this way they have no need to take large sums in foreign currency with them. Such operations have assumed a wide scale, and their volume is estimated at one billion dollars a year.

Since foreign banks pay an interest on deposits (exceeding the rate of inflation) the annual flight of capital in all these forms can be estimated at 4 to 5 billion dollars. This sum can probably be tripled if illegal export and contraband of all sort are taken into account.

Thus getting into Russia, foreign currency circulates along an intricate criss-cross of routes which cannot be exactly traced either by economic or police means. This difficulty has recently been complicated due to some former Soviet republics introducing their own currencies, which have also become foreign for Russia. I am of the opinion that all existing currency flow should not be squeezed into legislative limits. It would simply be an impossible task. The government must do one thing, namely, convert the ruble into an attractive currency, the possession of which in Russia will prove more advantageous than the possession of dollars or marks. In this case most other problems would disappear.

Russian Savings Bank Losing Deposits

934404694 Moscow, IZVESTIYA in Russian 20 Nov 92 Morning Edition p. 2

[Article by Irina Demchenko: "Savings Bank Losing Clients, Gaining Money"]

[Text] Depositors of the Russian Savings Bank have deposited 8 billion rubles in their accounts in the past two weeks. This figure was cited by Pavel Zhikharev, president of the Savings Bank board.

True, he promptly suggested that it be divided by 80, which is approximately how much the ruble has depreciated since the start of the year, according to his data. By tradition, the Savings Bank remains the country's most widely used banking institution and the one with the most cash on hand. However, even the Savings Bank has begun losing clients. This stems from objective circumstances: People have less and less money to save; price increases are eating up income that people used to put in the bank.

There is a banking term known as the "savings rate," which is the proportion of income that the public is prepared to save. In the past year, the savings rate in Russia has fallen from 9 percent to 3.18 percent. Clients continue to deposit three-fourths of these funds in Savings Bank branches; the other fourth has already been intercepted by the new commercial banks, which offer better terms.

In the opinion of the president of the Savings Bank board, the influx of rubles will sharply increase in the near future. Most of this influx will come from the public of Ukraine, which is switching to its own currency. Pavel Zhikharev is convinced that this event will have a far greater impact on the state of the Russian monetary system than, for example, the Baltic states' shift to their own currencies. Zhikharev said that if he were the chairman of the Russian Central Bank in this situation, he would definitely insist that Russia switch to its own currency as well. According to IZVESTIY's information, various options for such a reform are under study.

State Insurance Program Reorganized As Joint-Stock Company

934A0469B Moscow IZVESTIYA in Russian 20 Nov 92 Morning Edition p.2

[Article by Tatyana Kladnyakova, "State Insurance Administration Converted into Joint-Stock Company. But It Has Persuaded the Government to Grant It a Monopoly on Mandatory Types of Insurance"]

[Text] On November 18, the Russian State Insurance Company (the former RSFSR State Insurance Administration) appeared before journalists in a new capacity—as the Russian State Insurance Joint-Stock Company.

President Vyacheslav Shakhov, who used to head the USSR State Insurance Administration, told how the converted company intends to wage a struggle on the insurance market with due regard for all the demands posed by economic reform, the formulation of investment policy, and the manifold increase in risks.

It should be emphasized that the new Russian State Insurance Joint-Stock Company obtained a rather good "inheritance." The State Insurance Administration's former oblast administrations, with their staffs of well-trained specialists and large numbers of policies, have been converted into independent firms. But they have become part of the single joint-stock company in order to pool their resources—so as to establish sizable reserve funds and to invest them.

They have also inherited policies held by the public: As of today, there are 120 million such policies, with a total liability of 400 billion rubles. As legal successor, the Russian State Insurance Joint-Stock Company will handle all transactions involving the disbursement of benefits and the receipt of payments from people who hold policies taken out in earlier years.

Although Vyacheslav Shakhov said that companies are no longer divided into state and independent companies—they are all equal in the marketplace—and that the Russian State Insurance Joint-Stock Company is just one of a thousand insurance firms with various forms of ownership that are now operating in Russia, he is only partly right.

The long-awaited insurance law has at last been adopted on second reading. But the new law does not state explicitly that all types of mandatory insurance (medical, civil liability, and others) may be handled only by state companies. The right to decide this is granted to the government.

And it has chosen the Russian State Insurance Joint-Stock Company, supposedly because that company in particular has a ready network of firms and agents and sizable reserve funds. And it will handle mandatory insurance only during a transitional period. Later, when everything is stabilized, all insurance companies will be permitted to do this.

That argument seems to me to be insufficiently persuasive for two reasons. First, other joint-stock companies that are not state-owned also have subsidiary firms and reserve funds.

Second, in market conditions and given the fierce competition for clients, it is hardly likely that someone is going to give up, out of goodwill, such a stable source of premiums as mandatory insurance.

Incidentally, it was for the sake of equality in the insurance market that a tenacious struggle was waged as the law was being drafted. But for the umpteenth time, efforts to establish a monopoly were successful, despite the law now in effect and the existence of the antimonopoly committee.

It wouldn't be a bad idea for the Russian State Insurance Inspectorate, which is now issuing licenses to insurance companies, to return to this question—above all in the interests of the public.

Summary of Report on 'Socioeconomic Transformation in Russia'

934A0397A Moscow NEZAVISIMAYA GAZETA
in Russian 28 Nov 92 pp 1-2

[Report: "Path to Socially Oriented Market"]

[Text] The Russian Academy of Sciences Economy Department and the International Foundation for Economic and Social Reforms headed by academician Shatalin made an analysis of Russia's socioeconomic situation and of the results of implementation of the reform policy chosen by the government.

A brief account of the joint report "On the Strategy for Socioeconomic Transformations in Russia" is offered to the attention of NEZAVISIMAYA GAZETA readers.

Results of "Shock Therapy"

The memorandum on the economic policy of the Russian Federation for 1992 set the task of attaining two basic goals—a sharp reduction in inflation rates and the maximum possible counteraction to the decline in production volumes.

The results of the current year show that, despite the efforts made for an accelerated development of market structures and activation of monetary relations, these goals have not been attained and real economic processes sharply differ from forecast evaluations and declarations.

The decline in industrial production has already reached targets exceeding one-fourth of last year's volume and, in relation to the precrisis year of 1989, in October of the current year industrial output has dropped by 33 percent.

Here we disagree with the government both in the evaluation of the depth of the crisis and of the prospect for its further development. On what the government conclusion on the beginning of economic stabilization is based remains an unsolved mystery to us, as well as to the majority of the population. The real situation is as follows: If economic policy is not changed, the decline will continue and, as a result, Russia may lose one-half of the industrial production (this is commensurable only with the losses resulting from World War I, the revolution, and the civil war), which signifies the beginning of a collapse of the entire economy. The following reasons force us to draw such a gloomy conclusion:

First, the crisis in the national economy is of a general, not structural, nature. Even the production of scarce products, which until recently have been considered highly efficient, is decreasing—in many cases at rates higher than the general decline in production volumes.

Second, the consolidation of the population's low demand, which, as compared with the precrisis period, has decreased to one-half (while by October of last year prices rose almost 21-fold, the population's monetary

income increased only 10-fold), is turning into a steadfast factor in the further decline in production. The part of demand accumulated in savings has been virtually completely devaluated.

Third, enterprises, which, as a result of price liberalization and tough budget and credit restrictions, are without financial resources for production expansion, naturally, have sharply lowered their investment activity. As compared with 1989, during the current year the total volume of capital investments will be reduced by 50 to 55 percent. In many sectors investments are no longer sufficient even for the preservation of present production volumes.

The decline in investment activity not only rules out the restructuring of the economy and solution of social problems, but also threatens a complete depletion of productive forces. Contours of deindustrialization of the national economy with the dangerous, but very real, prospect of the country's transformation into a raw-material appendage of developed countries are already visible.

All the measures of present economic policy, as well as the galloping inflation and vagueness of the situation, are oriented toward momentary goals and one-time success, not long-term and even medium-term interests. Hence trade mediation and financial and currency speculations represent the only sphere of business activity.

Nor did the government manage to solve another central problem of the first stage in reform—to reduce inflation to an acceptable level (1 to 3 percent per month, as was declared). The consumer price index published by the State Committee for Statistics in October, as compared with December of last year, is 17-fold. Throughout the year monthly price rise indices have not dropped below 10 percent and in the last few months their dynamics has intensified sharply. In October prices have risen 25 percent. Judging by the weekly dynamics, nor will the price rise be smaller in November.

What are the main reasons for the fact that the government's economic policy has suffered such a crushing failure at this stage? In our opinion, they lie in the incorrect choice of methods of improving the economy.

Whatever it might say, the government, in fact, has taken the course of removing the state from the regulation of real economic processes, focusing virtually all its attention exclusively on macroeconomic policy and financial stabilization. The attainment of a deficit-free budget, introduction of the convertibility of the ruble, and increase in its rate were adopted as its criteria.

Under conditions of the sharp decline in production volumes the task of eliminating the budget deficit does not have a solution at all. The results of the current year confirm this once again. During 9 months the republican budget deficit alone exceeded 716 billion rubles, or 67 percent of its revenues.

In the existing situation nor could the policy of an accelerated introduction of the convertibility of the ruble

give an effect. With the decline in production and limitation of currency resources, the ceding by the Central Bank of the mechanism regulating rate formation to the stock market, and the primitive nature of this market itself, in reality, such a policy has led to an avalanche-like drop in the exchange rate of the ruble, which has become one of the factors in the destabilization of both the currency market and foreign economic relations, on the one hand, and of the domestic market, on the other. Last year's promises by the government to stabilize the rate at the level of 20 to 30 rubles per dollar and even the quite recent forecasts of the rate at the level of 80 rubles per dollar have failed completely. By the end of November the actual rate reached 450 rubles per dollar.

Naturally, the following question arises: What has really been done on the path of the movement toward the market except for price liberalization with all its tangible results?

The expansion of the network of small-scale commercial trade, perhaps, is another visible result. With regard to other institutional transformations, which are of decisive importance for the development of the market itself, the achievements are much more modest.

The new nonstate structures, which recently have been established primarily in the sphere of circulation, are in no rush to direct their efforts toward the sphere of production, preferring to receive superprofit from middleman operations.

Even small-scale privatization, for which directive assignments were set for all regions as early as the beginning of the year, obviously, is not proceeding in accordance with the envisaged rates. By the beginning of November in retail trade only 7.7 percent of all the facilities have been privatized, in public catering, 2.7 percent, and in domestic services, 6.5 percent.

However, this is not the chief thing. The point is that the new economic subjects, which have appeared in the course of privatization, have not begun to operate better, but have only raised the prices of their products and services. With regard to medium-size and large enterprises for now, in practice, there is only a change in names and organizational-legal forms here, which in itself in no way can lead to an increase in efficiency and, in general, to any positive results.

In the course of privatization its main goal has not yet been achieved—finding an efficient owner for every facility. The issue of privatization checks will also do little for the solution of this problem.

Today this measure is interpreted by the government as the path to national privatization, which makes it possible to form millions and millions of owners quickly, painlessly, and fairly. These statements have nothing in common with real prospects.

Even if we assume that privatization will proceed according to the chosen scheme, not a powerful stratum of owners, but only a wide stratum of small ones—or

rather, the smallest rentiers, who receive meager income from their shares exchanged for privatization checks—will appear in Russia as a result of it.

In practice, another thing will happen—a rapid concentration of privatization checks and then of shares in the hands of speculative structures interested in the derivation of the maximum income from high dividends, or in a further resale of shares, not in the most efficient utilization of destatized property.

Perhaps the most negative consequence of such an outcome of voucherization lies in the fact that, begun as a means of alleviating social tension, it will be transformed into its powerful catalyst. For unexplainable reasons the government contributes to this. Having issued privatization checks, that is, state securities, owing to the obvious unpreparedness of this measure, which is most complex even in technical terms, it cannot give the population better advice than "not to rush and wait." Right now many are beginning to believe that they have been deceived once again. Very soon the majority of the people will arrive at such a conclusion. And then at best there will be a total loss of confidence in any measures emanating from state power and at worst, the beginning of the fight for a redivision of property, which can hardly occur peacefully.

An impartial analysis shows that in the course of price liberalization and financial stabilization the government has overstepped the socially permissible boundary. The conducted policy has led to a deterioration in the entire set of man's living conditions. The level of man's instability in society has increased and the range of social risks has expanded. In fact, all the spheres of vital activity—labor, way of life, leisure, and social activity—have now become increased-risk zones.

The financial situation of more than 80 percent of the population has deteriorated sharply. Its real income has declined to virtually one-half. According to the evaluation of the Institute of Social Problems and Demography, in the level of its income 17 percent of the population is on the brink of survival.

Despite the sharp reduction in the population's demand, a balance of the consumer market, especially of food, has not been attained. The weekly surveys by the State Committee for Statistics show that in almost one-third to one-half of the cities meat, vegetable oil, and sugar are not regularly sold freely. Interruptions in trade in bread are becoming ever more frequent. The shortage of a number of nonfood-stuffs in daily demand firmly persists.

Now the government gives itself credit for the fact that during the past period of implementation of reform it managed to avoid large unemployment. However, the still negligible scale of the officially registered unemployed demonstrates only the upper part of the iceberg. In its lower part there is a constant process of increase in hidden unemployment in its various forms. According to estimates, it now amounts to 15 million people

The atmosphere of reckless enrichment has deformed the demand for manpower, increasing the demand for those who agree to bypass or violate the law and scorning morality. A significant part of the population (especially young people) is involved in speculation and fraud. The situation on the labor market is becoming complicated by refugees.

The tough financial policy that is being conducted leads to an intolerable limitation of expenditures on the social sphere and science, which makes their normal functioning impossible and destroys the previously accumulated potential.

According to existing evaluations, this year, as compared with the precrisis period, the relative (with respect to the gross domestic product) level of state budget expenditures on education has dropped 2.5-fold, on culture, art, and mass information media, 1.8-fold, and on science, 3.1-fold.

The presently occurring destruction of the social infrastructure—science should also be added to this—possibly, is one of the government's most profound errors.

Thus, the impossibility of solving the accumulated problems by strictly monetaristic methods, which is also confirmed by the experience of other countries, can be considered proven by life.

The program for the intensification of economic reform proposed by the government does not change the chosen course and its priorities. Despite the obvious failure of the policy of macrostabilization, it again places emphasis on liberalization and financial stabilization. Even the program for urgent measures to improve the economic situation does not have real proposals capable of stopping the decline in production and deindustrialization of the economy and of ensuring an upswing in business activity.

An objective analysis leads to the conclusion on the need to develop a qualitatively new strategy for Russia's revival and renewal. It must be stressed conclusively that it is not at all a matter of impeding reforms, but of placing them on a fundamental basis and not letting them get bogged down by light-weight approaches to the implementation of socioeconomic transformations so unique both in nature and scale.

We believe that under these conditions the attempt to reject any constructive alternative and to present the policy being conducted as the only correct and possible one represents the worst type of monopolism most dangerous for society. This can not only close the road to the development of an efficient reform strategy, but also lead society away from the democratic path of development.

New Strategy for Economic Reform

The question of strategy is not the subject of abstract scientific or political debates. It is of strictly practical significance. Ultimately, the country's future depends on a correctly chosen strategy. Here an error can lead to a

state of the economy and society totally different than anticipated. For example, this can be a market-type economy where only the raw-material sector is potentially effective, which depends exclusively on the world economy, or a pseudo-market economy entangled by mafioso and corrupted structures. Finally—and this would be a complete tragedy for our people—following an incorrect strategy can lead to a paralysis of the national economy, undermining of the very principles of market transformations, and return to the toughest totalitarian methods of management.

It is extremely important, as far as possible, to clearly present the model of organization of the renewed society. This is a fundamental problem. Unfortunately, however, its solution is now replaced by the rattle around various small and big programs and mostly around the people and movements putting them forward.

If we discard all the verbal rubbish, fundamental disagreements are concentrated around three elements: the combination of economic efficiency and social justice, the place and correlation of various forms of property, and the role of the state in the economic system, especially during the transitional period.

When choosing the model of a market economy, it is necessary to examine at least two possible alternatives realized in world practice—liberal and socially oriented models.

Roughly speaking, the virtually undivided rule of private property and maximum freedom of economic activity are the basic criteria of the former model and the predominance of the principle of "the rescue of drowning men is the business of the drowning men themselves"—in the social sphere. In such a model the state undertakes only the protection of the most socially vulnerable and destitute population groups.

The socially oriented model presupposes pluralism of property forms and a much bigger degree of state participation in ensuring economic efficiency in regulating the population's income and employment, and in forming conditions ensuring the satisfaction of a number of the most socially significant needs of the entire population (education, public health, and culture).

The choice of a specific market model does not at all mean preference for either economic efficiency or social justice. It only determines the most general characteristics of the economic structure and of social relations, within the framework of which one society or another intends to search—and this will have to be done constantly—for the optimum combination of priorities of economic efficiency and social justice.

Among the most developed countries the United States and Great Britain are the closest to the first model. The second was realized in a number of West European countries; for example, in Germany, France, Austria, Sweden, and Japan.

An analysis of the government program shows that we are being pushed toward the liberal model ever more persistently and painfully. We are firmly convinced of the erroneousness of this choice. In historical conditions, in the attained level of social protection within the framework of the planned economy, and in the mentality of its society Russia is more predisposed to the perception of a socially oriented market. In our country to change over to the liberal model would mean not only to go against the will of the majority of the population, but also to destroy social guarantees—and in the very near future the financial basis for ensuring them as well—which the people achieved with great sacrifices.

The role of various property forms in the new economy is the second fundamental element. There are two extremes here. One is based on the acknowledgment of the inefficiency of state property in all cases and its contraposition with private property as the most efficient. The position of the present government is close to this point of view. The other extreme lies in upholding the obsolete dogma on the absolute advantages of state or public property. Both positions suffer from obvious apriority and the bad habit to view the complex world in terms of "black" and "white." They do not take into account the ways of development of world civilization.

The main tendency in world development, which has been manifested quite clearly by this time, lies in the movement toward a mixed, polyphonic society. The time for "pure" social systems and their successive change (the formation logic of progress) has passed irrevocably. And the most fundamental changes concern precisely property relations. Modern civilized society is characterized by a combination of various property forms, each of which fills the niche where the functioning of precisely this form brings the best social results. At the same time, for an evaluation of results the system of indices taking into account the multidimensional nature of the interests of modern society (social and economic stability, national security, geopolitical interests, the state of the environment, and so forth), not indices of pure economic efficiency, is used to an ever greater degree.

There is no basis for Russia again dropping out of world-wide tendencies in development. In our opinion, the thesis on the formation of a mixed economy functioning on the basis of market principles should become one of the cornerstones of reformation of social relations and of the entire strategy for Russia's renewal.

A number of fundamental points logically follow from this conclusion.

First. It is necessary to ensure conditions for an accelerated formation of the private sector, especially in the sphere of production, and for the creation of a critical mass, under which it will be able to play a significant role in the economy and be a real competitor of state enterprises.

Second. The state sector will exist in Russia's economy during the entire visible period and, with due regard for its specific nature, will remain predominant in a number of branches, especially, in the very near future. The chief

thing lies not in its most rapid transformation into other forms of property, especially as, objectively, this is simply impossible, but in the creation of conditions under which state enterprises could organically join the market environment.

Third. Such an approach does not permit any coercive measures for the most rapid destruction of the state sector, a deliberate establishment of its decreasing shares for every period, and an avalanche-like denationalization of the economy. The process of formation of a mixed economy inevitably will take a long period and should occur in accordance with the logic inherent in it as the necessary conditions are created.

And, finally, the third fundamental problem—determination of the measure and methods of state participation in economic transformations and in economic management. The government variant is based on the need for the most rapid formation of a self-regulating and self-organizing market economy and the maximum withdrawal of the state from it. Methods that are planned to be used for the regulation of the economy also logically follow from this. They include the concentration of state activity on the development and implementation of macroeconomic policy, the use of primarily market regulators of macroeconomic proportions, and the lack of understanding of any methods of a direct effect on the economic activity of enterprises, sectors, and regions.

It should be noted that such a purely theoretical model was not used in any country among those that have achieved success in market transformations. Conversely, these transformations themselves were accompanied by the strengthening of the role of the state. At the same time, state interference in the economy, as a rule, intensifies during the period when countries solve the problem of getting out of a deep crisis.

Such extremely complex problems of getting out of the crisis and implementing radical market reforms have to be solved in Russia. We are convinced that this can be done only if an active state policy both in the basic directions of reforms and for overcoming the crisis and economic restructuring is developed and realized.

It should be stressed that state regulation, especially during the transitional period, presupposes the use of both economic methods and methods of direct support for and management of individual branches and groups of enterprises of the state sector, implementation of state policy of prices, income, and employment, direct state support for branches of the social sphere, and realization of state programs for an accelerated formation of market institutions and personnel training for the market economy.

The problem of destruction or preservation of the existing (production, scientific, intellectual, and social sphere) potential is connected with the question of the role of the state, especially during the crisis period which the country is experiencing now. In general, it is extremely important in the entire reform strategy. It is not only a matter of moral and ethical norms (it is

inadmissible to treat the national wealth created with the labor of our forefathers in such an offhand manner). If we follow the path of razing everything to the ground and creating a new economy on this foundation (or rather ruins), the country will inevitably encounter the most serious and unpredictable difficulties both in the sphere of production and in the social sphere with all the ensuing consequences for the fate of the reforms themselves. Therefore, scientists at the Russian Academy of Sciences Economy Department and specialists at the "Reforma" (Reform) Foundation insist that the preservation of the created potential and its renewal with the smallest losses should have an independent value in the new reform strategy.

Proposing the new strategy, we took into account not only the economic patterns and experience of countries which proceeded toward the civilized market during the postwar period, but also Russia's specific national-historical, economic, and sociocultural features.

They include primarily the antimarket nature of the economy formed during 70 years of existence of the administrative economic system, its supermilitarized structure, the enormous proportion of the extractive industry, extremely inefficient agriculture, and the antediluvian infrastructure. It should be noted that these specific features to one extent or another can also be seen in other countries, which began market transformations. They were formed not as a result of operation of objective factors in the historical process, but as the consequence of the variant of development chosen by society. In our country, however, these features characteristic of postsocialist countries have been brought up to an extreme degree of "specificity."

Russia also has other more significant distinctive features, which represent the dominant forming a certain mode and way of life of the nations inhabiting it. They include a vast territory with distinctive climatic conditions, which are unfavorable on a sizable part of it, the multiethnic and polyreligious composition of the population, and its historically formed Eurasian mentality with a pronounced devotion to a communal system and psychology of dependence.

The recognition of these specific features and of the need to take them into account during the development of the reform strategy does not at all mean that we call for the preservation of obsolescent forms of social existence. However, their transformation cannot be carried out forcibly, by implanting a way of life inherent in one developed country or another taken as a model. Russia can seek and in the channel of world civilization should find its own path of development inherent in it, which other countries also have done.

Different strategic approaches also predetermine differences in the succession of transformations, their stages, and criteria of success.

Three stages are singled out in the government program for the intensification of economic reforms: first—crisis

development (1992-1993), second—restoration of the national economy (apparently, within 1994-1995); third—economic upswing (after 1995). We will note right away that this division into stages is highly conditional, which the government also does not hide.

Thus, judging by the materials accompanying the program, the crisis will also continue in 1994, although the rates of decline forecast for this year are very small. The task of the restoration stage—attainment of the precrisis level of the gross domestic product—cannot be accomplished within 1995 alone. Even with high rates of economic development several years will be needed to accomplish it and with annual rates of economic growth of 3 to 4 percent, as envisaged in the program, this period will be 10 years.

We believe that the adopted approach to the division into stages is based on a false premise: that the causes of the crisis in our country are only of an objective nature, and that it is necessary to give it the opportunity to develop according to laws inherent in a crisis, to hit bottom, and only then to begin the restoration of the national economy, using motives and mechanisms inherent in the market.

In accordance with this liberalization and financial stability were chosen as the priorities of the economic policy of the state at the stage of crisis development. It is planned to give up state interference in the economy as quickly as possible and, thereby, to intensify objective crisis processes by purely subjective decisions.

The approach to the division into stages stemming from the strategy proposed by us is based on a search for ways of minimizing losses during the transitional period and on an objective assessment of present-day realities and Russia's strategic interests. Its essence—a forward movement from urgent to long-term measures and from simple to more complex ones and a clear determination and expansion of the social base for reforms.

Hence these are the basic goals of the first stage: the country's accelerated extraction from the crisis and the formation and realization of a "start-up complex" of top priority actions, capable of preventing a further decline and then—though slowly, but correctly—raising the people's standard of living and, at the same time, establishing a firm basis for the development of institutions and subjects of a market economy. In order to accomplish these tasks, it is necessary to clearly single out national priorities at the anticrisis stage.

An analysis of the present stage of the economy shows that it makes no sense to hope for a simultaneous overcoming of the decline and a rapid upswing in all sectors. However, this analysis forces us to draw another conclusion. Today it is necessary to realize a system of measures for selective support for branches, in which a further intensification of the crisis simply is inadmissible. This concerns primarily branches of the consumer sector. The formulation of the task of gradually restoring the population's lost standard of living and changing income policy for the purpose of a

fuller compensation for losses due to inflation and a slowdown in its rate is realistic only on the basis of an upswing in these branches.

The fuel and energy complex is another complex requiring purposeful state support today. This is determined by its importance for the national economy both from the standpoint of solution of domestic problems concerning the country's reliable energy supply and from the position of a turning point in export tendencies and solution of currency problems. It is also necessary to take into account that the restoration of capital-intensive sectors of the fuel and energy complex after their complete collapse will require immeasurably bigger resources than the adoption of preventive measures. We believe that it is necessary to give up the idea that all the problems of this complex will go away by themselves after prices of energy carriers are fully liberalized and brought closer to the level of world prices.

And, finally, the defense complex—the talks about conversion in it have been unjustifiably dragged out and there are hardly any real actions.

The choice of these three priorities makes it possible to carry out a maneuver with financial and credit resources, which, in reality, are decreasing, to more widely use tax privileges (without significant losses for the budget), and to affect price formation mechanisms more consistently.

It is also necessary to use the anticrisis stage to coordinate and synchronize the rates of transformations in individual directions. This synchronization signifies not only an acceleration of reforms in the areas where they lag, but also a certain slowdown in rates in directions where running ahead has been uncovered. This is a normal process of their implementation with due regard for the changed real situation.

One of the most important principles, which must be observed during the development and realization of anticrisis measures, lies in the fact that these measures should not create obstacles in the path of the further movement toward the market.

At the same time, the formation of a full-blooded market economy with the infrastructure inherent in it, which functions as a well-coordinated system and not as a sum of mechanically glued uncoordinated elements, is a long process, which will occur along an ascending line. The transformation of the administratively managed economy into a market regime of functioning can be carried out neither in 1 year, nor even in 3 or 4 years. Many of the forthcoming processes are difficult to forecast today and their development will be determined by the results (successes or failures) of preceding stages. Therefore, to try to construct today subsequent stages in reforms with their specific tasks and precise time limits is at best theoretical research and at worst, an attempt to reduce the debate on fundamental reform problems to a discussion of concrete matters, but of little significance for the future.

The question of criteria for the success of the transformations being carried out is of fundamental importance. These criteria are extremely important both during the choice of particular measures in the process of development of programs and for an evaluation of the results achieved during their realization. In fact, it is a matter of a correct orientation of both the government, which has undertaken the implementation of reforms, and of society.

The following have been chosen as criteria for success of the first stage in the government program: the share of regulated prices, no more than 2 to 3 percent of the gross domestic product; the share of state purchases, no more than 20 percent of the gross domestic product; a stable balance of the state budget (a deficit of no more than 3 percent of the gross domestic product); the rate of inflation, no more than 3 percent per month; cessation of the decline in production.

Thus, the adopted criteria reflect a formal-mechanical approach to the evaluation of the "market nature" of the economy and an attempt to expand the field of market relations at any cost, irrespective of the real state of the economy and without due regard for the consequences of such a policy for the country's scientific production potential and the population's standard of living. This follows not only from the primarily monetaristic viewpoint, but also from the lack of coordination of individual criteria. Now it is simply unrealistic to solve the problem of ensuring a stable balance of the state budget and suppressing inflation and, at the same time, to attain a cessation of the decline in production. The path of reforms that has already been traversed attests to this eloquently.

We cannot agree with such criteria and propose the following for the first stage: banning a further decline in production, lending it a structural nature, strengthening the ruble, stabilizing the population's standard of living, and reducing the social burdens of the crisis.

Such is the concept of the new strategy for economic reforms in Russia. There is still time to direct them to the necessary channel. If this is not done now, time can be lost irreversibly and it will become virtually impossible to stop the destructive nature of many processes.

Conditions for Success of Market Reforms

As the domestic and world experience in market reforms shows, their success depends not only on the conceived strategy and tactics, but also on a number of organizational, sociopolitical, and ideological factors. They acquire special significance at the critical stages of reform, including during radical changes in the course and refinement of long-term guidelines.

In present-day Russia, with due regard for the growing deterioration in the socioeconomic situation, increased tension in society, and aggravation of the confrontation among various political forces, the restoration of government authority and of confidence in its policy becomes the main condition. The entire world experience, without any exceptions, indicates that only a strong

government, which enjoys the population's wide support and trust, can carry out market reforms successfully.

In our country today such can be only a government of national consensus united by the great goal of Russia's revival and including in its composition representatives of the main sociopolitical forces and movements, who enjoy unconditional support by the masses. Either growing chaos and a collapse of Russian statehood, or a transition to dictatorship is the alternative to this.

Next, the restoration of the manageability of socioeconomic processes by means of a package of measures aimed at overcoming the management crisis in the country.

The regulation of economic legislation, elimination of its internal contradictions, and ensuring the stability of legal norms are top-priority tasks. Only on this basis can a reliable mechanism of a strict and rigorous observance of legislation on economic activity be established and work by law-enforcement bodies, courts, and the arbitration tribunal be organized.

Naturally, the restoration of manageability is impossible without a reexamination of the question of the role of the state in a mixed-type market economy and, especially, at the stage of the transition to it. With due regard for this the structure and functions of bodies of state power and management should be refined.

Nor must we fail to see that the development of market relations to their full extent runs against the lack of development and extreme weakness of the market infrastructure. A large-scale nature, without which the transition to market relations will be hampered constantly, was not given to this most serious problem.

Market reforms in Russia do not have chances for success without an efficiently coordinated functioning of the mechanism of federative relations.

It will be necessary to carefully work out, coordinate, and legally affirm the division of federal and regional property, to revise the taxation system and the budget formation procedure, and to establish unified approaches in the area of price formation, credit policy, and social protection for the population. This will make it possible to combine the implementation of a unified policy in the area of monetary circulation, a free movement of goods and services, and the community of Russia's customs territory with a real, but reasonable, shift of the reform's center of gravity to localities and to create reliable "counterweights" both to bureaucratic centralism and to local separatism.

The strengthening of the entire system of executive power in such areas as employment, migration, antimonopoly policy, the tax system, and management of state property also requires the organization of a constant and efficient interaction of federal, regional, and local bodies. There are different ways of solving this problem.

One is a simultaneous restoration of the managerial vertical line and of the direct subordination of the local administration to a superior body of federal power.

However, under the conditions of the process of the country's federative reorganization, which has not yet been completed, it inevitably will lead to a confrontation between local and federal bodies.

Preference should be given to another path—the development of the institution of representative offices of krais and oblasts under the government, as well as the establishment of regional departments and representative offices of federal ministries and departments in localities.

The adjustment of the economic mechanism of interaction among CIS countries also belongs to this group of problems. It is necessary to persistently strive for a practical implementation of outlined agreements and to search for practical mechanisms of their realization.

However, it is necessary to consider the reality of the fact that the development of relations among CIS countries is subject to the effect of many factors and is difficult to predict. Therefore, it is necessary to have in advance carefully elaborated reserve programs of actions in different situations, including if Russia is forced to introduce its own national currency and customs territory.

And, finally, on expanding the social base of market reforms and ensuring their mass support. Every month, as the euphoria passes and insight followed by disappointment comes, the urgency of this problem increases. It becomes obvious that only an extremely narrow stratum of the population benefits from market reform with its present models and methods of implementation. However, the situation of other strata (not through their fault) deteriorates sharply.

At the initial stage the state (legislators, the president, and the government) was the force that implemented measures perceived by the population as a sharp ("shock") deterioration in the socioeconomic situation. If the attack (pressure) by the state on the standard of living and the quality of life continues, a phenomenon, which can be called economic genocide, will arise.

It is necessary to urgently change the relations between the state and the population. There should be two general changes: First, from an attacking force the state should turn into a force protecting the population. Second, from a strictly passive side (thrown into shock) the population should become an active participant in reforms.

If the government changes from the position of an attacker to the position of a protector of the people's interests, then the state will naturally become the fulcrum for the development of the population's active self-protection and will really democratize and greatly strengthen social policy.

Thereby, the social base for market reforms will expand sharply and the activity of the government of national consensus will gain a firm foothold.

These problems should become the subject for discussion by the forthcoming Congress of People's Deputies. Ultimately, the people expect from the congress not a

new government, but a clear strategy for market transformations, which any government, irrespective of who appointed it—the president, the Supreme Soviet, or God himself—will be obliged to follow.

Impact of Edict on Oil Industry Privatization Viewed

934404344 Moscow ROSSIYSKIYE VESTI in Russian
8 Dec 92 p 3

[Article by Lyubov Dunayeva: "Oil and Stock Shares"]

[Text] By an edict of Russian President Boris Yeltsin, petroleum, oil refining industry and petroleum product supply enterprises and organizations are supposed to be converted into joint-stock companies. From now on, they are granted the free hand so necessary for the industry for the restructuring of its internal structure under the conditions of the market transition.

The slump in the extraction and production of oil, a most serious situation which arose in the industry by the middle of this year, as was reported to the ROSSIYSKIYE VESTI correspondent in the Ministry of Fuel and Power Engineering, has created difficulties in supplying consumers with motor fuel and other products of oil refining and has led to a significant reduction in currency earnings. The latter circumstance has led in turn to a decrease in opportunities for purchasing foodstuffs, medicines and unique equipment, since the majority of these items were purchased for petrodollars.

But the basic goal of the conversion to joint-stock companies is to ensure a reliable supply for the country's national economy of oil and petroleum products. Without this conversion and privatization, all the stabilization efforts will not produce the expected results—such is the point of view of the specialists.

How then will this complicated task be realized? In view of the enormous potential capacities of the fuel and power complex (TEK), the state does not intend to place it into the hands of commercial structures for the transition period for stabilizing the economic system. The government's activities should be concentrated on the conversion of the large Russian oil-production and petroleum product supply associations into public joint-stock companies. These are precisely the ones which will become the base for the formation of the vertically integrated companies which will ensure the production and refining of oil and supply the market with petroleum products. The establishment of such companies will demonopolize oil production and open the way to the emergence of competitive structures. The shaping of an antimonopoly policy in the TEK should be facilitated by it being opened up to foreign investments.

As was noted at the international conference recently concluded in Moscow on "Oil Resource Management," in order to overcome the problems with which the Russian oil industry is having to contend, it is necessary, first of all, to induce investors to make available the means for stopping a

further slump in the extraction and production of oil. We are talking about new extraction technologies and the latest equipment. But this will not occur as long as the investors, in considering their own profits and risks, are not convinced of the fact that this meets their interests. And, for the time being, the conditions existing in the Russian market for business do not provide an adequately attractive environment from the investors' point of view.

During the period of the financial market's formation, the state should act as guarantor for Russian and foreign investors. And the role of the state sector during this period will consist of regulating the extent of the sale of shares, of prices and of tariffs and of monitoring enterprise activities.

In the edict, in particular, provision has been made for the transfer of the controlling block of shares for the transition period to three trust companies, Rosneft [Russian oil], Lukoil and Yukos. The Goskomimushchestvo [State Committee for Property] will act as the shareholder over the course of 3 years. To manage the blocks of shares and share payments, there will be sectorial investment funds established for the specific financing of the retooling, renovation and expansion of production capacities. The Ministry of Fuel and Power Engineering is called upon to keep an eye on the profitability and indebtedness of the converted enterprises, to assist them within the framework of the industrial policy and to draw up a program for the TEK's development. The managers of the convertible companies are to be approved by the government or by an organ empowered by it.

And finally. During the purchasing of shares, workers of TEK enterprises and associations not subject to conversion to joint-stock companies, will be granted certain advantages which can also be extended to the numerically few peoples of the North, who live on the territory of TEK enterprises.

Nechayev on Creation of State-Commercial Structures

934404348 Moscow ROSSIYSKIYE VESTI in Russian
8 Dec 92 p 7

[Article by Andrey Nechayev, head of the Ministry of Economics, "Can a State-Commercial Structure Exist? Andrey Nechayev, head of the Ministry of Economics Reflects on This"]

[Text] Today we are greatly disturbed by the situation with the investment process and with investment activity. Capital construction, and indeed everything associated with investments, is now literally in a catastrophic state. Sharply, almost by a threefold factor, centralized capital investments have decreased in 1992. This is associated with the harsh budgetary policy. But, unfortunately, also decreasing is the extrabudgetary investment activity, which particularly disturbs us.

We have worked out measures for stabilizing the situation. Some of them lie, as they say, on the surface.

First, there is the reduction in the taxes imposed on profits which go to the further development of production and to renovation. Despite the complication with the budget, we are now prepared to go on to this. Although it must be stated here that, in our present situation, this measure does not guarantee certain success. First of all, there are no administrative levers for control, which would guarantee that the corresponding part of the profits would actually be directed into investments and not be shifted to wages or some other expenditures for social needs. Secondly, even among the entrepreneurs themselves who, it would seem, are interested in this measure, from the point of view of immediate benefit, there is frequently a great temptation to use these funds for current extension of credit or some kinds of trade deals and not for long-term investments.

Second, an extremely important question for us is how to find the way to "force" the banks to invest. In particular, it seems to me that a more effective measure may be a lowering of the standards for reserve requirements, but on the condition that there is strict control so that these funds are used as investment credits.

And a special theme is how to "force" the public to invest. In our country, the public traditionally has a low inclination to save. If the stereotype of appropriate behavior is not established, then there will be no incentives or consumer benefits which are the incentives in the West for accumulation—a house, a car, and so on.

Until recent times, the housing market in our country was quite nonexistent and even now is still in an embryonic state. The durable goods market, for the time being, is also quite limited. Therefore, as it seems to me, a more effective form of accumulation of public funds for investment purposes may be, first of all, various types of special funds like a medical insurance fund and forms quite traditional in the West for accumulating public funds and then using them to purchase securities. We are not talking about direct investing, but rather, about the investment of funds into some kinds of adequately reliable securities, which yields as a result the necessary capital. I think that, extremely important for us is the establishment of a system, I will name it arbitrarily, of housing banks, i.e., banks which, for example, would be able to grant investment credits to the public for land, first and foremost, for the construction of housing. But they will also simultaneously be accumulating public funds in order to direct them later on a guaranteed basis into housing construction.

One more matter which we are now actively discussing with entrepreneurs is the development of a securities market and the establishment of some financial institutes. These structures, first of all, could themselves, interacting with the banks (they should be specialized

investment banks), extend credit for capital construction, an investment process based on the accumulation of funds. On the other hand, they would become a unique bridge between potential foreign investors and interested investment recipients within the country. In other words, they will perform intermediary functions associated with the selecting of investment projects and their examination, but the main thing is to bring together potential capital holders and potential capital users. In particular, there is the idea of establishing a large investment corporation or company, which we are attempting to establish under the aegis of the Ministry of Economics for the realization of priority investment projects. It would fulfill the role of an agent of the government, but would act at the same time completely on a commercial basis, on the principles of self-financing.

And here, during the process of its establishment, while preparing the corresponding documents, we encountered a very interesting fact. It turns out that, in this country, there are, for all practical purposes, no legislative or legal bases for the existence of state-commercial structures (we are not talking about contacts between state enterprises and commercial structures). I mean that the state as a potential investor or capital holder cannot now organize in the form of some kind of state organ which would manage this capital, some kind of state-commercial structure. According to our laws, there may be either a state organ, a state institution or some kind of commercial structure, for example, a joint-stock company, but, in this instance, you cannot have state capital there. Although this is done throughout the entire world and this is quite effectively an operating form which makes it possible to provide for both state participation and the conducting of a specific state investment policy. In this sphere, in the near future, we need to improve very actively our laws and our legal norms.

At this stage, the only possible form for the realization of these principles may be some kind of multitiered hierarchical system where there is a purely state (financial or investment) corporation, under which, in specific interaction with it, there are purely commercial structures—joint-stock companies, investment banks, risk management agencies, banks for project financing and so on. As far as I know, currently being established is one of the structures of this second level.

Now we want to shift to an essentially new setup for the distribution of foreign credits.

With the exception of the minimally necessary volumes of "critical" imports for state needs, we would like to distribute them on a competitive basis. Now such a decree has been adopted by the government and it is not precluded that some kind of large, serious, non-state financial structure will undertake as a "subcontractor" the organization of the competitive distribution of foreign credits.

Vasilyev on Progress of Privatization Campaign

934A0434C Moscow IZVESTIYA in Russian 9 Dec 92
Morning Edition p 2

[Interview with Dmitriy Valeryevich Vasilyev, deputy chairman of Russia's State Committee for Property, by IZVESTIYA correspondent Igor Karpenko: "What We Know About the Voucher"; date and place not given]

[Text] At the end of last week, it seems, all the mass media noticed a somewhat unexpected, but clearly encouraging change in attitude toward the privatization check. At the exchanges, their sale price nearly doubled and now it is close to the face value.

What is behind this obvious revival of the commercial structures' interest? How will the conversion to joint-stock companies and privatization develop further and when, finally, will people be able to obtain reliable and complete information about the checks? D. Vasilyev, deputy chairman of Russia's Goskomimushchestvo [State Committee for Property] talks about this in the interview with IZVESTIYA's correspondent

[Karpenko] Dmitriy Valeryevich, for you, of course, the guarded attitude of people toward the vouchers is no secret. There are sufficient grounds for this—political, economic and purely psychological ones. First of all, there is the shortage of information: even the managers of the converted enterprises know little about the procedure for using the checks. What prompts people to get rid of the checks, understandably, are outright need, the lack of money and the political instability—the well-known conversations about the fact that the congress will soon abolish not only the checks, but even privatization itself.

The government, having selected the check as the basic instrument of privatization, is obligated to defend its importance and reputation.

[Vasilyev] I would assess the situation, which has taken shape, like this: the task which the government has set in the initial stage—the overcoming of the psychological barrier in the attitude toward private property and privatization—has been fulfilled for all practical purposes. Even at the end of last year, an obvious majority of the public was against privatization and now its overt opponents are a paltry few. To achieve such a serious change in less than a year in the consciousness of people who, for decades, had been instilled with a distrust toward private property is simply magnificent!

The checks were, perhaps, the only means which would make it possible to carry out privatization swiftly and in an organized fashion. To transfer the basic mass of property free of charge in such a way that not only would the labor collectives receive their portion, but the entire public as well, would be impossible without the checks.

Just as we expected, we encountered overt resistance and a stream of negative information from the adherents of "catalog" privatization—certain commercial circles and economic managers who had expected that privatization

would proceed slowly, in dribs and drabs, and be dragged out for about 20-30 years. They supposed that they themselves would determine to whom government property would be sold or not sold for money. This is why it is quite natural for them to have a nervous reaction to the checks of forces interested in preserving former structures and a communist regime. I cannot, therefore, even exclude the possibility of attempts to return to the ideas of "monetary" privatization or the direct transfer of enterprises to the collectives working at them.

The public's doubts and scepticism with regard to check privatization, first of all, are associated with the fact that people have as yet never received anything from the state free of charge. Conversely, when something was distributed compulsorily, for example, domestic loan bonds, the state always took something away from the people without fail. Now, for the first time, the state is giving something back—this is very unusual and hard to believe and people are expecting a dirty trick.

Of course, even the State Committee for Property has quite poorly organized the explanatory work on the privatization checks—it is necessary to acknowledge the fairness of the reproaches directed at us. But, at the same time, it must also be taken into consideration that, now, the structure for obtaining information has been changed abruptly: people are oriented now more toward radio and television and it is difficult to grasp aurally, much less remember, the points of edicts and laws and to understand their sense and operating mechanism. You yourself know well how the privatization checks are being elucidated in other types of mass media. Even the most objective journalists are trying to get from us something sensational and capable of staggering the reader's imagination. But the checks require a calm, narrative-type explanation.

What will it take today to get people to understand the situation and believe in the actual value of the check? A person should receive the check simultaneously with an explanation of where and how to invest it in a manner most advantageous for him, so that he would get his hands without fail on a list of convertible enterprises and large facilities and so that he would know the procedure and sequence of the auctions and the distinctive timetable for privatization. We will definitely publish this information in the large newspapers and broadcast it on radio. Even more graphic will be the television broadcasts, when the viewers will see how the sale of checks goes. This will immediately and abruptly change people's attitude toward the voucher.

[Karpenko] The distrust toward the check is based not only on the lack of information, but also on the people's conviction that all the profitable and prestigious facilities have already been privatized by the Mafia and the former party hacks in restricted auctions and so it will be in the future that ordinary citizens will get only enterprises destined for bankruptcy in the future. Incidentally, Muscovites have specific grounds for this. For example, they are complaining to the newspaper that stores, hotels and domestic service facilities have already been sold without the vouchers.

[Vasilyev] In Moscow, of course, the situation is quite complicated, but not typical for the country. Rather

here, we are reaping the fruits of (Piyashev) privatization—part of the facilities of city property have already been privatized and there remain in the capital relatively few facilities which can be privatized by checks (there is a high concentration of various institutions and restricted enterprises which will not be privatized in the near future). Therefore, many Muscovites are upset and do not know where to “stick” their checks. This is why the exchange rate for them in Moscow is lower than in the periphery. But it is precisely here, in the capital, that practically all the large mass media, which are, naturally, transforming this situation and this uncertainty into the entire country, are concentrated.

But it is not Moscow which is determining the property and check attitudes. In the Far East, for example, the price of the checks is growing rapidly, because they are being bought up by local large entrepreneurs, as well as by foreigners—Japanese, Koreans and Chinese who want to participate in the privatization of timber-exploitation and sea-mining enterprises and so on and are paying up to 70,000 rubles for a check. The same thing is also happening in Arkhangelsk, and in the north of Russia.

[Karpenko] But, indeed, there will not be enough such projects for everyone and people cannot even travel with their single checks even to Vladimir, not to mention Khabarovsk or Vladivostok yet. Can the citizens be at all certain that their vouchers will not vanish?

[Vasilyev] Yes, of course, even now a check is backed by property worth more than their nominal value by a factor of 1.2. The ordinary citizens also do not need to travel to somewhere with the privatization checks. Now a statute is being drawn up, whereby the owner will be able to deposit his check into a local branch of a bank and forward information about this to an auction where shares of an enterprise he likes are being sold. The only important thing is to conduct a series of such auctions as quickly as possible and show them widely to the public and establish a clear-cut and strict procedure (a planned-out schedule) for conducting check auctions. Already this year, sold at such purely check auctions will be the property of dozens of enterprises of industry and transportation, Intourist hotels, hard-currency stores and other prestigious facilities. And the number of enterprises which are trying to sell their own property for checks is already more than 200.

[Karpenko] I am certain that, after the first such auctions, no one will sell his voucher even for the “face value.” However, even here the lack of information has a telling effect—the broader the sphere of application of the vouchers, the more questions the public has. Many managers of joint-stock enterprises are asking: is 80 percent of the payment being distributed to a restricted list? There are also many purely mundane questions to which the published standard documents do not give an answer for the time being. For example, does a citizen of Russia now living in the countries of the CIS and near and far abroad have a right to a voucher, if he does not have a Russian

residence permit? Do the relatives of a person who died after 1 October have the right to receive his check?

[Vasilyev] I agree with you that there are very many unresolved questions today and it is necessary to resolve them. But even now, I can answer some of those you have raised. With a restricted list and a second version of privileges, a labor collective may now pay the entire sum for the 51 percent of the shares allotted to it completely with vouchers. This decision was adopted recently by the government.

And as for those who have Russian citizenship—without regard to residence permits and other circumstances—they will definitely be issued privatization checks. It is more complicated with respect to the inheritance of checks because, according to existing laws, a half year is required in order to determine who the heirs are and so on and because, for the privatization check, which is valid for a limited period of time, this is unacceptable. Many of these problems should be solved in a law on the privatization checks, a draft of which is ready and will soon be submitted by the president to the parliament for consideration.

Decree on Formation of Industrial Policy Council

Text of Decree

935D01684 Moscow ROSSIYSKIYE VESTI in Russian
10 Dec 92 p 3

[Russian Federation Government Decree No 880: “On the Council on Industrial Policy Under the Russian Federation Government,” signed by Ye. Gaydar on 6 November 1992 in Moscow]

[Text] The Russian Federation government hereby decrees:

1. To form the Council on Industrial Policy under the Russian Federation Government.
2. To ratify the appended Statute of the Council on Industrial Policy under the Russian Federation Government.
3. To ratify the membership of the Council on Industrial Policy under the Russian Federation Government (appended).
4. To assign coordination of activity of the Council on Industrial Policy under the Russian Federation Government to Russian Federation Government First Deputy Chairman V. E. Shumeyko.
5. To deem invalid paragraph two, point two of the Russian Federation Government resolution of 1 October 1992, No 757: “On Organizing the Membership of Coordinating and Consultative Agencies Formed by the Russian Federation Government” (Collected Statutes of the President and Government of the Russian Federation, 1991, No 15, p 1158).

[Signed] Ye. Gaydar

Description of Industrial Policy Council

935D01681 Moscow ROSSIYSKIYE VESTI in Russian
10 Dec 92 p 3

[Statute of Industrial Policy Council: "On the Council for Industrial Policy Under the Russian Federation Government"]

[Text]

1. The Council on Industrial Policy under the Russian Federation Government (henceforth referred to as Council) was created for purposes of implementing practical interaction of enterprise leaders with the Russian Federation Government and consolidating their efforts in developing production and state support of entrepreneurial activity.

2. The Council is guided in its activity by the Russian Federation Constitution, the laws and other statutes of the Russian Federation Congress of People's Deputies, the Russian Federation Supreme Soviet, the edicts and directives of the Russian Federation President, the decrees and directives of the Russian Federation Government, as well as by the present statute.

3. The Council's primary tasks are:

- to study the position of industrial circles in regard to vital socio-economic questions, and to inform the Russian Federation Government;

- to develop proposals on creating conditions facilitating the satisfaction of consumer demand and involvement of industrialists into the process of realization of economic reforms;

- to prepare predictive evaluations of the consequences of realization of decisions by the agencies of Russian Federation state administration in regard to questions of development of production;

- to participate in preparing drafts of edicts and directives issued by the Russian Federation President and drafts of decrees and directives issued by the Russian Federation Government.

4. The Council, in accordance with the tasks assigned to it:

- analyzes the tendencies for development of industry, generalizes the positions of industrial circles concerning the methods of implementation of economic transformations;

- submits proposals for the development of industry to the Russian Federation Government;

- interacts with the Working Center for Economic Reform under the Russian Federation Government, organizes expert evaluations of drafts of

legislative and other normative statutes of the Russian Federation, prepares proposals on the mechanism of their realization, and analyzes the practice of their application;

- participates in the development of state conversion, innovative and investment programs;

- develops proposals on improvement of financial and monetary-credit policy;

- develops recommendations and submits proposals on attracting and utilizing foreign investments, leading foreign technologies and administrative experience;

- formulates proposals on stimulating and developing foreign economic activity;

- develops proposals on limiting monopolistic activity and unfair competition;

- establishes cooperation with business circles, associations and unions of entrepreneurs in foreign countries;

- obtains drafts of legislative and normative statutes, reference and informational materials in accordance with the established procedure for fulfillment of the functions with which the Council is charged.

5. The Council's membership is ratified by the Russian Federation Government.

Council members have the right to participate in meetings and conferences of the Council, with right of decisive vote, and to introduce for review by the Council proposals and recommendations on questions relating to its competence.

6. The work of the Council is administered by the Council chairman, and in his absence—by the Council's deputy chairman.

The chairman of the Council and his deputy interact with the Russian Federation Government, are invited to meetings of the Russian Federation Government on questions relating to the competence of the Council, prepare proposals on changing and supplementing the Council's membership, and submit them for its review.

The chairman and deputy chairman of the Council may involve in the work of the Council specialists from Russian Federation state administrative agencies, leading scientists, practitioners, managers of enterprises and organizations, and entrepreneurs from the Russian Federation and from foreign countries.

7. The Council's official secretary organizes the Council meetings, provides for the activity of individual work groups and the preparation of Council materials.

8. The Council meetings are formulated with a protocol.

The protocol of the Council meetings is signed by the person presiding at the Council meeting and by the Council's official secretary.

The protocols and other information on the activity of the Council is brought to the attention of the Council members within one week from the day the meeting is held, and forwarded to members of the Russian Federation Government and the leadership of the Russian Federation Government apparatus.

If necessary, the Council's recommendations are implemented by decisions of the Russian Federation Government.

9. All the Council members are issued standard identification to ensure unhindered entry into the Russian Federation Government building.

Decree on Interim Procedure for Levying Patent Duties

935D0168B Moscow ROSSIYSKIYE VESTI in Russian 10 Dec 92 p 3

[Russian Federation Government Decree No 911: "On the Interim Procedure for Levying Patent Duties and Recognizing the Valid Registration of Patent Attorneys," signed by Ye. Gaydar on 26 November 1992 in Moscow]

[Text] For purposes of ensuring the effectiveness of the Russian Federation Patent Law and the Russian Federation law, "On Trademarks, Service Symbols and Names of Places of Goods Origin," for the period prior to preparation of the normative statutes on questions of levying patent duties and registration of patent attorneys, as well as publication of these statutes in accordance with the Russian Federation Supreme Soviet decrees on implementation of the stated laws, the Russian Federation hereby decrees

1. That until the list of actions is compiled, for which patent duties shall be levied, their amounts and terms of payment, as well as grounds for excuse from payment of duties, reduction of their amounts or refund of duties on the territory of the Russian Federation, the standards of the USSR Council of Ministers resolution of 13 September 1982, No 985, "On Duties for Patenting Inventions and Industrial Prototypes and For Registration of Trademarks" (SP SSSR, 1982, No 26, p 132) shall be applied, in the part to which it does not contradict the Russian Federation Patent Law and the Russian Federation law, "On Trademarks, Service Symbols and Names of Places of Goods Origin."

The duty collected for filing an application for issuance of certificate on utility model, or an application for registration and granting of the right to use the

name of the place of goods origin, shall be in the same amount as the duty for filing an application for issuance of a patent on an invention or for registration of a trademark, respectively.

The duty collected for filing a petition on cessation of effectiveness on Russian Federation territory of a USSR author's certification for an invention, a USSR certificate for an industrial prototype with simultaneous issuance of Russian Federation patent, shall be in the same amount as the duty for issuance of the corresponding patent for an invention or industrial prototype.

2. Until the ratification of the Statute on Patent Attorneys, and likewise the registration of patent attorneys in the Russian Federation Committee on Patents and Trademarks, their registration officially performed by the former USSR State Patent Agency shall be considered valid.
3. The present decree becomes effective from the moment it is adopted.

[Signed] Ye. Gaydar

Decree on 'All-Russian Exhibition Center' Joint-Stock Company

935D0168C Moscow ROSSIYSKIYE VESTI in Russian 10 Dec 92 p 4

[Russian Federation Government Decree No 890: "On the 'All-Russian Exhibition Center' Joint-Stock Company," signed by Ye. Gaydar on 16 November 1992]

[Text] In fulfillment of the Russian Federation Decree of 23 June 1992, No 663, "On the Organization of the 'All-Russian Exhibition Center' Joint-Stock Company" and in connection with the specific importance of this center for Russia's scientific-technical policy, and also considering the fact that it is the national property of the Russian Federation and relates to objects of federal ownership, the Russian Federation Government hereby decrees

1. That the Russian Federation State Committee on Administration of State Property shall introduce the fixed and turnover capital of the All-Russian Exhibition Center as the state's contribution to the charter capital of the "All-Russian Exhibition Center" joint-stock company, with the exception of facilities held in federal ownership and not subject to privatization, and also that it review in the established order the question of transferring as the state's contribution to the company's charter capital the facilities held under federal ownership which are under the administration of ministries, departments and organizations, and which are located on the center's territory

That the "All-Russian Exhibition Center" joint stock company shall be granted the right to use facilities held in federal ownership which are not subject to

privatization, including monuments of history and culture.

To establish that the share of stock of the "All-Russian Exhibition Center" joint-stock company held in federal ownership may not comprise less than 51 percent.

2. That the Russian Federation State Committee on Administration of State Property shall, in accordance with the established procedure, ratify the charter of the "All-Russian Exhibition Center" joint-stock company, retaining the right of succession of the All-Russian Exhibition Center (the former Exhibition of USSR National Economic Achievements) as a unified complex on the basic directions of its activity.
3. That the Russian Federation Ministry of Culture, the Russian Federation State Committee on Administration of State Property, and the Moscow mayor's office, with the participation of the "All-Russian Exhibition Center" joint-stock company and the All-Russian Society for the Protection of Historical and Cultural Monuments shall, in accordance with the established procedure, define the list of historical and cultural monuments subject to state protection and located on the territory of the All-Russian Exhibition Center, and shall submit coordinated proposals on this question to the Russian Federation Government.
4. That the Russian Federation Ministry of Finance and the Russian Federation Ministry of Economics, in the process of preparing drafts of the Russian Federation republic budget for 1993 and subsequent years, shall provide state centralized capital investments for the "All-Russian Exhibition Center" joint-stock company state, as well as allocations for their financing in order to complete construction of facilities which has been undertaken, restoration of historical and cultural monuments, as well as reconstruction of green planted areas.
5. To establish that henceforth, until the completion of all measures for organization of activity of the "All-Russian Exhibition Center" joint-stock company and the formation of its administrative organs, the officials of the All-Russian Exhibition Center's administration shall continue to perform the functions previously assigned to them and bear responsibility for the state of affairs in the areas of work assigned to them.

For the indicated period, the responsibilities of the company's general director and the chairman of the council of directors shall be placed on the general director of the All-Russian Exhibition Center, and the powers and authorities of the governing board members of this company shall be secured with other previously appointed officials of the center's administration.

6. For purposes of developing exhibit activity in the Russian Federation, as well as expanding cooperation with foreign exhibition organizations, to create an

interdepartmental commission on exhibition activity, comprised of the chairmen of the Russian exhibition complexes, the Russian Academy of Sciences, the Russian Union of Industrialists and Entrepreneurs, exchange and banking unions and other interested state and public organizations.

That the Russian Federation Ministry of Science, Higher Education and Technical Policy shall, within a three-month's time, submit to the Russian Federation Government a draft statute on an interdepartmental commission on exhibition activity, as well as suggestions for its membership.

[Signed] Ye. Gaydar

Committee Chairman Agafonov Interviewed on Agricultural Difficulties

93440354A Moscow SELSKAYA ZHIZN
in Russian 1 Dec 92 pp 1-2

[Interview with V. Agafonov, chairman of the Committee for the Social Development of Rural Areas, Agrarian Problems, and Food of the Supreme Soviet of the Russian Federation, with a SELSKAYA ZHIZN correspondent; place and date not given: "Rural Areas Are Forgotten"]

[Text] In the continuous round of political passions, which time and again are stirred up by recurrent reverberations of the thunder along the line of confrontation between representative and executive power, the day of opening of Russia's regular Seventh Congress of People's Deputies has arrived somewhat imperceptibly. Today the deputies have gathered in order to discuss the socioeconomic situation in the country, to interpret the course of reforms, and to determine the ways of both their further development and extrication of the economy from the crisis.

With what have Russia's rural areas and agriculture come to the congress? How are they today, under the tough, to put it mildly, conditions of the transition to the market? The talk by a SELSKAYA ZHIZN correspondent with V. Agafonov, chairman of the Committee for the Social Development of Rural Areas, Agrarian Problems, and Food, is about the situation existing in the agro-industrial complex and the position of agrarian deputies.

[SELSKAYA ZHIZN] Valentin Alekseyevich, 2 and ½ years separate us from Russia's First Congress of People's Deputies. How were they for Russia's agriculture? What was done to transform it? How do you evaluate the presently existing situation in the agro-industrial complex?

[Agafonov] I would single out two periods during this stretch of time: a gradual departure from the planned economy and initial steps to the market taken by I. Silayev's cabinet and then radical economic reforms of the president's team and Ye. Gaydar—in the beginning, first deputy and now acting prime minister

The timid attempts by the first cabinet of ministers to somehow shield rural areas from the unbridled market element failed. Having been deprived of minimum state support and having fallen under the dictate of monopolist industrial producers, the agro-industrial complex sharply reduced the volumes of production of basic agricultural products.

However, the slump that occurred was nothing compared with what was to come. The worst came after the change of the government composition, when Gaydar's course of radical economic reforms, which without pause were marked by a destruction of collective commodity producers, was adopted. There was a complete recoil from the decisions of the Second (extraordinary) Congress of People's Deputies and the program for the renewal of Russian rural areas, the policy of multistructural forms of land ownership and management, and the need for state support for the agro-industrial complex were forgotten completely. Whereas in 1990 the output of the agrarian sector dropped by 11 percent, during 9 months of this year alone, by 12 percent. The rupture of economic ties, the collapse of the system of material and technical supply, and, above all, the unrestrained rise in prices of equipment, fuel, mineral fertilizers, mixed feed, and building materials have led to a sizable reduction in sown areas and in the livestock population and, as a consequence, to a decline in the volumes of output of basic food products. As a result, today the agro-industrial complex is in a state of deep—both production and socioeconomic—crisis.

While making a supporting speech on the government report on the course of economic reform at the Sixth Congress of People's Deputies, I warned that, if the attitude toward rural areas was not changed and if the tendencies destroying them were not stopped, the situation in the agro-industrial complex could lead to its complete paralysis. Unfortunately, this was not done and my forecast proved to be correct.

To confirm this conclusion, I will present only a few figures. During 9 months of this year the livestock and poultry (in live weight) sold for slaughtering comprised only 79 percent of the corresponding level of last year; the production of chicken eggs, 87 percent; gross milk yield (including milk purchased from the population), 82 percent; and milk yield per cow, 87 percent. Livestock is being discarded on a mass scale and the plague among it is increasing. The slaughtering of the breeding stock has begun in a number of regions. The production and procurement of grain for state resources, although higher than the 1991 level, are much lower than former indices.

[SELSKAYA ZHIZN] If this is no secret, what are the reasons for this collapse? Some of the present political leaders attribute it to the alleged lack of the right to private land ownership, having in mind primarily a free sale of land.

[Agafonov] What secret is this, especially for SELSKAYA ZHIZN readers? The erroneous path of implementation of agrarian reform chosen by the government is the main

reason; first, the gross disproportions permitted in the price mechanism and nonexecution of budget items concerning investments and financial support for the production and social spheres of rural areas. The crisis in agricultural production has assumed an irreversible nature and there is a virtually complete disintegration in a number of its key sectors. This applies primarily to animal husbandry, where, owing to the distortion in purchase prices and misinterpretation of the essence of market relations, interest in the development of the key sector has been lost. Second, the unobjective evaluation of the kolkhoz and sovkhoz sector, hasty destruction of collective forms of farm management, and moral terror unleashed against managers and specialists have undermined, so to speak, rural areas and their moral principles. The arbitrariness of prices of industrial and agricultural products and their artificial unbalance have placed most collective farms on the verge of bankruptcy. However, reliance on private farms as the basic commodity producers has led to the fact that today almost 150,000 of them are mostly primitive subsistence farms based on heavy manual labor. The promises given by the government to support them have not been fulfilled. Hence, the proportion of the output produced by them does not exceed 2 to 2.5 percent of its total volumes.

With regard to the question of "private land ownership," which all of us are fed up with, I dare to think that SELSKAYA ZHIZN readers understand the situation as no one else—thanks to the newspaper. It constantly and quite skillfully covers both the disputes about the so-called land question and the development of land relations in Russia. I would like to hope that the Law on Citizens' Right To Receive, for Private Ownership and Sale, Land Plots for the Management of Private Subsidiary Plots, Horticulture, and Individual Housing Construction and the changes in the Russian Federation Law on Land Reform, as well as the Fundamentals of Land Legislation, will finally put everything in its place.

[SELSKAYA ZHIZN] Valentin Alekseyevich, returning to the joyless situation in agriculture: "Perhaps it is slightly more satisfactory in processing sectors?"

[Agafonov] If only you were right. Alas, here, too, there is nothing with which to gladden the readers. The introduction of market forms of management is also carried out spontaneously in processing sectors, being accompanied by a reduction in the production of all food products. Whereas in 1991 its volume dropped by 9 percent, from the beginning of this year, by more than 20 percent. According to preliminary estimates, by the end of the year the output of meat products will decrease by one-third and of whole-milk products, by one-half.

The plan for the commissioning of new capacities and retooling of existing ones has been disrupted. In fact, the "Program for the Development of the Baby Food Industry in 1991-95" approved by the government will collapse completely.

This is what is curious. Rural commodity producers are not allowed to take even one step toward the privatization of processing enterprises. No, in words everyone is "for." The program for the intensification of reforms submitted by the government and by the board of the Ministry of Agriculture even provides for granting them the right to own no less than 10 percent of the shares of these enterprises. For now, however, the matter is confined to good wishes.

Yes, what is there to say: Under conditions when the processing industry requires a fundamental reequipment and efforts to abolish monopolism should be backed, without fail, by the establishment of lower-capacity enterprises Russia's government proposes... that the Committee on the Food and Processing Industry be abolished. Where is the logic? How is it possible to abolish the administration of such an important sector?

[SELSKAYA ZHIZN] Valentin Alekseyevich, please say a few words about the social development of rural areas. After all, I recall that the Second Congress of People's Deputies approved the promising program for the renewal of the Russian countryside and adopted the Law on the Social Development of Rural Areas.

[Agafonov] Yes, the matter was well conceived: To breathe life into Russian villages and to create attractive conditions there, putting an end to the migration of rural residents to the city. For example, the volumes of housing construction alone were to be increased by 15 percent annually, including by individual builders, by 19.2 percent. The commissioning of general educational schools was to be increased by 41 percent annually, of preschool institutions, by 15.4 percent, of gas networks, by 26 percent, and of intrafarm roads, by 11.8 percent.

However, all this has remained only on paper. The farms' own funds together with the budgetary appropriations allocated by the government do not make it possible to ensure the fulfillment of this program.

The figures of failure can be "poured" endlessly—the reduction in rates occurs literally in all the directions of the program for the renewal of rural areas without exception. In brief, rural areas on the march toward the market are forgotten. In connection with the liberalization of prices of material and technical resources, machines, and equipment this year the cost of construction has risen 20-fold and more. To this should be added the liberalization of prices of energy carriers, which has led to a sharp rise in the cost of both materials and work. What kind of revival is this when, out of the quotas of 195.5 billion rubles allocated for the development of the agro-industrial complex, as of 28 November the government has managed to finance only 50.7 billion rubles, or 26 percent, from the republican budget! I am not talking about additional capital investments through the attraction of additional revenues.

[SELSKAYA ZHIZN] In brief, the failure is in all the items. But in such a case the following question arises: Who is to blame?

[Agafonov] Without relieving themselves of responsibility, agrarian deputies, at the same time, believe that, on the whole, the leaders of the present government are primarily to blame for the failure of both agrarian and economic reforms. Not having practical experience and spurred on by momentary political interests, they have attempted to solve these socioeconomic problems global in scale with a sudden cavalry attack, without taking into account the existing structure of collective kolkhoz property and without any knowledge of peasant psychology, nearly always ignoring categorically both the experience of practical workers and scientific research. I would like to believe that the Congress of People's Deputies will not only evaluate all these experiments appropriately, but will finally determine its position on the ways of getting out of the prolonged crisis.

[SELSKAYA ZHIZN] How do you view them, Valentin Alekseyevich? I realize that our talk with you, first of all, is a conversation with a representative of Russia's supreme legislative, not executive, power. Nevertheless, this is in our Russian tradition. After "Who is to blame?" the following questions are obligatory: "What is to be done?" and "With what to begin?" Although I realize that we should have not begun today.

[Agafonov] Working on the legislative basis for agrarian reform and establishing a legal foundation for it, to be sure, we are also searching for ways of realizing agrarian reform and getting out of the crisis. I will not claim that all our conclusions and proposals without exception are indisputable, but I think that the government, nevertheless, should listen to them. After all, what agrarian deputies bring to the congress is not only the fruit of their armchair deliberations, but also of the serious work of scientists and practical workers.

In order to overcome the crisis in agriculture we believe that an efficient economic mechanism in combination with substantial state support for it is necessary. Protectionism in relation to rural areas—yes, yes, precisely protectionism—should become the most important component of state policy. First and foremost this concerns specific budget financing for such investment expenditures in agriculture and the processing sphere as for the purchase of modern machinery and equipment (this year the provision of enterprises of the agro-industrial complex with material and technical resources is expected to be 40 to 50 percent lower than determined by initial quotas), construction of facilities for the storage of finished products, roads, and housing, cultural, and community facilities, electrification, and gas and water supply for rural settlements. According to our estimates, no less than 58 billion rubles (in prices of 1991) will have to be allocated from republican and local budgets for these purposes.

No matter how one looks at it, the government, nevertheless, will have to explain to the Supreme Soviet the reasons for the nonfulfillment of the decisions of the Second Congress of People's Deputies on the allocation of 15 percent of the budget funds for social support for all forms

of management in rural areas. We intend to most decisively defend the volume of budget funds necessary for the agro-industrial complex as a priority one in accordance with the decisions of the Second Congress

The following require an immediate solution: the development of an efficient mechanism concerning the parity of prices of industrial and agricultural products and problems of privatization of processing industry enterprises (the block of shares for producers of agricultural products should be increased to 51 percent as a minimum) and reduction in the tax on the volumes of their own funds assigned for production development, for social construction, and for ensuring the safety and more intensive processing of raw materials. In the area of credit extension there is a need for guarantees on the part of the state for the volumes of loans granted to priority enterprises of the agro-industrial complex, as well as for budget financing for expenditures connected with the granting of preferential bank credits to them. Grain and milk prices also need state regulation. The state should participate in this by subsidizing agricultural producers for products, which have the greatest priority and, at the same time, are unprofitable for farms, as well as by utilizing the mechanism of compensation for the rise in prices of individual industrial products, regulating prices and taxes in agricultural services and sectors producing the means of production for agriculture, providing for budgetary share participation in their programs, and implementing measures of an antimonopoly nature, including cost and price control.

There are also many matters in the area of reorganization of forms of management in rural areas. It is time to finally determine the measures for the establishment of highly efficient private commodity farms—not present, in practice, subsistence farms—which also requires serious state support for them. For these purposes, in our opinion, it is advisable to retain for next year the procedure for the allocation of state centralized capital investments, under which no less than 15 percent of these investments would be assigned for the construction and equipping of private farms.

To be sure, all this will require further improvement in the legislative basis. In order to implement an integrated land policy in Russia, it is necessary to work out and adopt such normative acts as laws on land management, establishment of land banks, administration of land under federal ownership, and others. Problems concerning the granting of land and regulation of land relations for foreign legal and physical persons and enterprises with foreign investments, streamlining of the buying and selling of land plots for purposes provided for by land legislation, and compensation for individual and other land owners and land users for losses of agricultural land for nonagricultural needs, its temporary occupation, or deterioration in its quality, and so forth also require a solution.

[SELSKAYA ZHIZN] Valentin Alekseyevich, in conclusion—your forecasts about the outcome of the congress. And, perhaps, the chief thing. To what extent will it

promote stabilization both in the agro-industrial complex and in the national economy, as well as in society at large, and, finally, the prevention of Russia's final slipping into an abyss?

[Agafonov] I would like to believe that the congress will be held in a constructive manner and that an objective evaluation of the course of reforms will be given. Among agrarian deputies you will hardly find anyone who would oppose them. However, there is no deputy among them who would not think that the course of reforms requires a serious correction. I am deeply convinced of this.

The need for the most significant corrections of this course concerns both the agro-industrial complex and Russia as a whole. It is necessary to proceed from the fact that without the solution of agricultural problems no reform will have success. And without serious state support not a single sector of the agro-industrial complex has any prospects for the future. The experience of many countries of both the market and any other economy has shown this graphically.

Russia's government must understand this. The urge to solve the food problem through a mechanical redivision of land and its transformation into an object of buying and selling and the attempts to reform and, bluntly speaking, abolish kolkhozes and sovkhozes in 3 months are none other than a risky adventure.

It seems that the congress should make substantial corrections in the government structure and support the Law on the Council of Ministers of the Russian Federation adopted by the Supreme Soviet. I consider it a big mistake that to this day in the cabinet of ministers and in its supreme leadership there is no person (except for the minister of agriculture) who would deal with problems of the agro-industrial complex—a sector in such a difficult situation, which is extremely devastating for society at large. It is simply intolerable to treat rural areas in such a way.

I am confident that the congress will defend democracy in the country and will say an emphatic "no!" to dictatorship and to those who today would want to dissolve legislative power—the congress and Russia's parliament.

December Food, Consumer Goods Prices Unaffordable for Many

234404364 Moscow TRUD in Russian 9 Dec 92 p 2

[Article by TRUD political commentator Vitaliy Golovachev. "Prices: December 'Records': Many Foodstuffs and Manufactured Goods Are Inaccessible for 'Ordinary' Russian Citizens"]

[Text] Every month, the Russian Goskomstat [State Committee for Statistics] records the lamentable price records in the country's various cities. And here is the latest compendium. On 1 December in Divnogorsk (Eastern Siberia), a kilogram [kg] of oil (animal) cost in the stores on the average more than 680 rubles [R]. However, in the Old

Arbat in Moscow, this past Saturday, oil was even more costly—R700, while cheese was R800 per kg.

But the absolute record was set in the city market of St. Petersburg—R1,500 for a single kilogram of butter. This may seem incredible, but fact is fact. Since it is for sale, people are buying. Only rich businessmen can afford such purchases, but the basic mass of city dwellers look at such price lists with hatred. Many are no longer even looking for butter in St. Petersburg's stores, because, no matter where one looks, it costs a pretty penny there, too—almost R500 (R495). For comparison, more than 100,000 pensioners in St. Petersburg receive monthly all of R1,080, while another 50,000 receive R1,500.

The cities, which are the "champions" for ultrahigh prices, are setting up milestones, as it were, on our common inflationary path. The "records" are quite rapidly becoming the property of all. The reason the "champions" are attracting special attention is because, in these prices, we are seeing our own tomorrow. Also interesting are the market prices, which reflect the balance of supply and demand, i.e., the reality of our days. The latest surveys conducted by the Russian Goskomstat make it possible to name other "champions" also for 1 December.

Rye bread—R42.8 (Krasnoyarsk)
Eggs (10)—R300 (St. Petersburg, the city market)
Milk (liter)—R168 (Moscow, the city market)
Meat (kg)—R651 (Moscow, the city market)
Sugar (kg)—R200 (Balakovo)
Black tea (kg)—R2,109 (Kyzyl)
Vodka (liter)—R1,169 (Magadan)
Men's spring and autumn coat—R20,000 (Armavir)
Men's Oxfords—R15,000 (Neftekamsk, Ulan-Ude)
Refrigerator—R127,500 (Khabarovsk)
Color television set—R90,000 (Petrovskiy, Kamchatskiy)
Movie theater ticket—R70 (Yakutsk)
Day nursery (per month)—R2,400 (Khabarovsk)
Trip to a trade union sanatorium (24 days)—R25,064 (Ulyanovsk)

Not only in the "champion" cities, but also throughout the entire Russian economy, the inflationary spiral is continuing to rev up. According to Goskomstat's preliminary data, the price rise in November amounted to 25 percent (the largest jump since the January-March price explosion). And, in all, since the first of January, they have increased by a factor of more than 20, while wages (taking into account the November forecast) have increased by a factor of only 10.

If one does not analyze the situation thoroughly, it is possible to draw the conclusion that the standard of living has decreased by half. On the average, this is probably so. But in actual fact, for the basic mass of the populace, the drop in real incomes is much larger. Because the statistics also include in the average pay the R150,000 pay of the managers of many plants, the high salaries of commercial bank workers and so on. Thus, for

tens of millions of ordinary laborers, as well as for pensioners, incomes are growing much more slowly than the average statistical pay.

The swift inflation rate is particularly clearly evident, if one analyzes the price increases not by the month, but rather, for a more prolonged period. The published table shows the jump in the high cost of living since January of last year. For a number of basic foodstuffs and nonfood consumer goods, prices increased by a factor of 80-170 (average pay increased by a factor of 35).

Change in Average Prices for a Number of Basic Foodstuffs and Nonfood Consumer Goods in Moscow (Since January of Last Year)

	January, 1991 (in Rubles)	December 1, 1992, Retail Trade (in Rubles)	Price Increase Factor
Rye bread	0.24	24.87	103
Animal Oil	3.60	415.27	115
Sugar	0.90	153.57	170
Vegetable Oil	1.68	149.57	89
Meat	2.00	176.44	88
Cheese	3.00	354.90	118
Men's wool- blend suit	107	12,053	112
Women's boots	130	13,585	104
Refrigerator	580	59,873	103
Color televi- sion set	755	59,372	78

In the first quarter of last year, the former USSR's Goskomstat recorded for the first time that the increase in people's incomes had turned out to be less than that of the cost of living. This meant that a prolonged period of prosperity had ended in debt—due to the sale of oil and other raw material resources and the ever increasing foreign credits. Now the situation has been aggravated even more because of the severance of economic ties after the disintegration of the USSR and objective and subjective factors during the implementation of economic reform.

If one looks the truth in the face, then it must be acknowledged that prices will increase quite rapidly and then some, at least in the next 3-4 months. And the standard of living will fall as long as the volume of industrial output decreases, the structural reorganization in the economic system is not completed, the monetary and financial sphere is not stabilized, accounts with the immediate neighboring countries are not settled and a whole series of conditions are not fulfilled.

Incidentally, once again, nonpayments between enterprises are increasing. According to the Russian Central Bank's data, mutual indebtedness has again reached an astronomical sum—R3.3 trillion. The government (any government) can hardly allow the mass closing of plants.

factories and associations (although a number of enterprises, it seems, can no longer avoid bankruptcy). This means there is no way to get away from new "infusions" into the economic system of totally unsecured money. And this will also stimulate the rise in prices. Not unlike the increase in prices for energy resources, the constant increase in wages and pensions, and so on.

Is there another way out of the crisis—without a temporary revving up of the inflationary spiral? I doubt it very much. And this is not a matter of the government. Any cabinet of ministers should be able to ride out an inflationary wave. It is just a matter of how long it will last—until spring or until the end of next year. Based on the level of the input-output ratio for the production of a unit of output, we are closer to the developing countries than to the wealthy ones. And this means that even the standard of living should correspond to this fact. If this is not understood, then it will be hard for us to get through the impending ordeals.

Under the conditions of strong inflation and a further decrease in the standard of living, the government's task, in our opinion, is not to promise rapid stabilization by March, but rather to have a clear-cut, realistic program for survival during this most complicated period. Direct assistance to those citizens who have turned out to be in an extremely critical situation. The most rapid implementation of selective support for promising enterprises (endless discussions have been going on about this since the summer, but there has been no real action). The drawing up of specific plans for assisting the unemployed—retraining and the creation of new jobs, protection of the old, the organization of public works and so on (in the coming year, several million may turn out to be unemployed). The use of government levers for the implementation of antimonopoly measures. And many, many other things still.

If it is guided in the coming year by low inflation rates, then this may turn out to be the government's most serious miscalculation. At the least, two versions of the scenario for the development of economic events in the first quarter should be worked out—a more optimistic one and a less optimistic one. Not just the government, but all of us should learn to live under the conditions of inflation. Many countries have gone through this. And even last year should teach us something. An inflationary economy operates under its own rules and it is better to know them beforehand and to foresee the situation.

We have, perhaps, traversed half of a difficult path. There have been very painful errors, but we should agree that movement forward toward a civilized market is indeed evident. The second half will apparently be no easier, but all the same, this is already the halfway point and not the long road onto which we have feared so long to set out. We will overcome it if there is agreement in society and if there is enough patience. And still, it is very important not to repeat errors, the price of which increases immeasurably.

Nine-Month Consumer Goods Prices Recorded

934104254 Moscow *TRUD* in Russian 8 Dec 92 p 1

[Article by Vladimir Naumov, "Famine Said to be No Threat"]

[Text] Last winter, which had been used to give us quite a scare, was not a hungry one, even though food production in Russia and other CIS countries declined. It will be recalled that a considerable amount of foodstuffs was received in the form of foreign aid. Yes, some of them were stolen, but the gifts nevertheless provided a certain amount of support to us. This year, humanitarian aid is virtually zero, and our economic situation has not improved.

In the first nine months of the year, the Russian State Committee for Statistics reports, food production was 22 percent below the figure for the same period last year. Store supplies of food products in high demand—such as meat, sausage, candy, cereals, and tea—declined by 24 to 32 percent. Store supplies of vegetable oil fell by 19 percent, and of margarine by 12 percent. The situation with beet sugar was no better, with production declining by 18 percent.

Milk-processing enterprises showed a preference for costly butter, increasing its production by 0.9 percent—at the expense of whole milk, production of which was cut in half. Canned milk production fell by 19 percent. The production of dried milk blends was cut in half, and production of fruit juices for babies was down by a third. The production of other baby foods also declined, among them liquid and pasty dairy products and dried cereal-base foods.

The sharp increase in bread prices has not yet resulted in a wider assortment or improved quality. September bread production was 3 percent below that of August of last year, and 13 percent below the figure for last September.

Data on potato procurements is worrisome. In the first nine months, one million tonnes was put up for storage, one-half of the figure for last year (the figure for Moscow is 54 percent, and for St. Petersburg 79 percent). The lag in putting vegetables up for storage is somewhat less (58 percent of last year's level). The pace of work intensified in October, but again without serious changes along the front as a whole.

The production of canned goods is at a deplorable level. Production of canned tomatoes is at half of last year's level, and the production of canned fruits, fruit and vegetable juices, and frozen and dried potato products is down 25 percent.

A certain increase in incomes in September led to even greater shortages in the stores. Stores in 76 cities that were examined by state statistics specialists were found to have increased customer demand for cereals and macaroni products, which people usually stock for future use. Every sixth city had no butter, and eggs were unavailable in Vladimir, Yaroslavl, Makhachkala, and Gorno-Altansk.

The situation improved somewhat in October, and meat, animal fat, sugar, and vegetables were available more often. But vegetable oil remained in short supply; residents of Siberia and the Volga-Vyatsk searched for it without success.

Meanwhile, prices continued to increase across the board. Especially in the Republic of Sakha (Yakutia), where they were 17 times higher than the national average, and in Vladimir (19 times higher), Magadan,

Novosibirsk, and several other oblasts. Prices for non-food items are also rising. For example, a refrigerator often costs 50,000 to 60,000 rubles, a color television 40,000 to 45,000 rubles, an iron 1,500 to 2,000 rubles. It will be recalled that average wages in the national economy in October amounted to about 10,000 rubles.

We aren't threatened with famine this winter either, our officials assured us at the Seventh Congress of People's Deputies. Let's hope not!

Price Increases In First Nine Months

	September 1992 in relation to:		
	September 1991	December 1991	August 1992
Meat products	12.6 times higher	1.9 times higher	115.6 percent
Fish products	12.8 times higher	1 times higher	113.7 percent
Animal fat	20.6 times higher	12.1 times higher	106 percent
Vegetable oil	15.3 times higher	9.5 times higher	115.7 percent
Milk and dairy products	17.5 times higher	6.5 times higher	108.2 percent
Cheese	20.9 times higher	11.2 times higher	102 percent
Sugar	26.4 times higher	18.9 times higher	111.8 percent
Bread and baked goods	17.2 times higher	5.6 times higher	131 percent
Cereals and legumes	13.4 times higher	10.4 times higher	114.7 percent
Potatoes	10.6 times higher	3.4 times higher	95.9 percent
Food items as a whole	13.2 times higher	9.1 times higher	110.4 percent
Sewn goods	7.9 times higher	7 times higher	109.4 percent
Leather footwear	10.8 times higher	9.2 times higher	111.7 percent
Household soap	16.4 times higher	7.8 times higher	107.1 percent
Tobacco products	16.5 times higher	12.5 times higher	140.7 percent
Durable goods	11 times higher	8.2 times higher	112.8 percent
Nonfood items as a whole	10 times higher	10 times higher	112 percent

Chairman Of Petrochemical Industry Committee Interviewed

934 10425B Moscow *RABOCHAYA TRIBUNA*
in Russian 8 Dec 92 p. 7

[Interview with Viktor Ivanov, chairman of Russian Petrochemical Industry Committee, by Viktor Andriyanov, "Ivanov Returns"]

[Text] Viktor Petrovich Ivanov has been confirmed as chairman of the Russian Federation Committee for the Petrochemical and Chemical Industry. He is remembered in the industry as its youngest director—he became head of the Titan Plant in the Crimea at the age of 33. He served as director for 10 years. Before that, he graduated from the Tomsk Polytechnical Institute and rose through all the ranks at the plant, beginning as a repairman. He later attended the Academy of the National Economy and served in the union ministry, and then returned to the Titan Plant, which had elected him as its director. He is a candidate of technical sciences.

[Andriyanov] A ministry, a department, and now a committee. Viktor Petrovich, what is changing, besides the signboard, at 20 Myasnitskaya (formerly Kirov) Street?

[Ivanov] A lot is changing. And fundamentally. The departments were temporary, transitional structures. Like the Ministry of Industry itself, which was created to replace a number of branch ministries.

Producers, researchers, entrepreneurs, and trade-union officials have insistently raised the question of reshaping the system for managing the chemical complex. I want to stress: not apparatchiks, not functionaries. These people found their place in the new structures, but they were very concerned for the branch, to which they had given 20, 30, and 40 years of their lives. There was a time when the branch could do anything.

[Andriyanov] But that's no longer true?

[Ivanov] No. A number of unique production facilities have wound up in other countries. For example, in the city of Shostka, Ukraine, there is a plant that makes film for motion pictures and aerial photographs. Some people

have been urging us to build a film plant in Russia. Why? We're not going to sever ties. It is more advantageous to conclude a contract with Shostka. We should only build facilities that are lacking in both Russia and Ukraine.

Russia has adopted four priority programs: food, fuel and energy, transport, and conversion. Name even one that can be implemented without the chemical industry. For example, the food program involves the production of mineral fertilizer, herbicides and pesticides, and packaging.

[Andriyanov] But not everything in the chemical industry itself is equally important at this stage. It would seem that some priorities have to be chosen here too.

[Ivanov] Of course. First and foremost, I would cite the problems of refining petroleum to a high degree, developing polyester fibers, destroying toxins, and implementing conversion.

[Andriyanov] And every one requires enormous amounts of money.

[Ivanov] That's right, but we can earn some of that money. Look how many raw materials are being exported. Yet all these things could be processed in Russia and sold as finished output.

[Andriyanov] But for now they're just being sold.

[Ivanov] That's right. We're losing not only crude oil and synthetic rubber. Russia has increased exports of mineral fertilizer three to four times, even though overall production has actually declined.

[Andriyanov] Taken right from our own fields, which don't any to spare in the first place.

[Ivanov] Here are some figures. This year, one hectare of arable land in Russia was treated with 43 kilograms of mineral fertilizer. This is almost half of the 1990 figure.

[Andriyanov] Maybe that's good. Let's compare it with the developed countries.

[Ivanov] Better to compare it to the underdeveloped countries, which use 144 kilograms per hectare. Flourishing Holland uses 650 kilograms, which is the highest figure. China uses 270 kilograms. They mostly use our fertilizer.

[Andriyanov] While agrarian strategists argue over which fields are more productive—kolkhoz lands or private farms—the most productive ones are becoming those that are treated with nutrients. Why are our fields getting cheated?

[Ivanov] I hope that we'll succeed in sorting out the mechanism for exporting such strategically important goods as mineral fertilizer and in submitting concrete proposals to the government.

In the meantime, I want to return to the beginning of our conversation. The committee will not be a ministry that oversees how much of what is produced where, monitors dozens of indices, and distributes resources. But suggesting where to send resources and how to help pool them in some promising and strategically important field—that's our job. The committee is also charged with securing state support for our programs—such as credits on preferential terms and tax breaks—and with restoring ties with CIS enterprises, our recent CMEA partners, and Western firms.

[Andriyanov] What is the chairman's frame of mind after his first few weeks on the job?

[Ivanov] At first I was very concerned. I knew what state the branch was in and how many ties had been unwisely severed. But now I have seen how many people are willing to help. I get calls from directors, entrepreneurs, scientists. Commercial structures are offering to help, and we're going to rely on them as well.

St. Petersburg Late November Food Prices

934C9497A St. Petersburg

SANKT PETERBURGSKIYE VEDOMOSTI

in Russian 27 Nov 92 p 6

[Report, place and date not given: "Melons Taste Better but Pine Cones Are More Necessary"]

[Text]

Prices at the Petersburg Markets, 25 November, and at the Kuznechnyi Market a Week Ago (rubles per kilogram)

	Sytnyi	Kuznechnyi	Kuznechnyi (18 November)
Beef	300-800	300-1500	250-1500
Pork	350-1200	350-1300	300-1500
Lamb	350-400	300-600	350-500
Veal	300-800	250-700	250-1000
Beef liver		1500	1000
Pork liver	600-800	500	500
Fresh lard	350-400	350-500	350-500
Salted lard	600	500-600	500-650
Smoked meat	1300-1900	600-1500	600-2000
Smoked sausage	2000	700	600-800

Chicken	350	500-600	450-500
Rabbit	—	400	390
Eggs (10)	—	250	250
Sunflower oil	280	400	400-450
Honey	1200-2000	1500-3000	1200-2500
Butter	—	1500-2000	1000-2000
Cottage cheese	300-400	200-300	200-300
Sour cream	1000	600-800	500-800
Cheese	—	—	500
Potatoes	40-50	45-60	50-70
Beets	100	60-100	60-100
Carrots	100	60-80	70-80
Cabbage	—	50-70	60-80
Sauerkraut	180	100-150	150-180
Swedish turnips	80	100-200	50-100
Pumpkin	100	—	70
Red radishes	80	80-150	100
Turnips	—	—	100-150
Cucumbers	200-250	300-350	150-300
Pickles	200-400	150-400	150-400
Tomatoes	170-200	200-350	100-350
Onions	40-50	40-60	40-60
Garlic (apiece)	15-35	10-40	15-50
Salted garlic	300-400	400-500	400-500
Black radishes	—	170-200	170
Red cabbage	—	500-700	350-800
Zucchini	100	150-200	250-800
Eggplant	—	350	300-350
Green pepper	100-150	600-700	—
Lettuce	—	500	700
Apples	90-150	100-400	100-400
Pears	90-250	100-300	100-450
Lemons (apiece)	40-80	70-150	50-150
Grapes	180-250	300-900	300-1000
Pomegranates	70-150	70-200	130-300
Peaches	—	700-1000	—
Melon	—	300-350	100-250
Watermelon	—	100	70-100
Persimmons	100-150	130-300	100-300
Quince	—	150	100
Feykhwa	150	300-400	200-300
Tangerines	—	250-500	200-600
Cranberries	—	250-300	230-250
Walnuts	180	150-180	160-170
Raisins	—	300-500	350-700
Dried apricots	—	280-360	200-400

If you go to Kuznechnyi Market and try to price melons, you will probably be reminded that the New Year is not far off. That is how the sellers try to convince the potential buyer that he simply must buy a melon today; you can hold on to it until the holiday, and it will cost you only 300 rubles [R] and not the R1000 it will then

Since local traditions allow us to greet the new year without Central Asian fruits, the demand for melons is not great. But the evergreen branches with picturesque pinecones offered by enterprising comrades on the steps to Kuznechnyi Market are already being actively bought up today. Obviously those called on to protect our green friend by vocation or avocation do not contemplate the kind of promptness demonstrated now by the "fir choppers," who have begun their season's work nearly a month and a half before the new year.

St. Petersburg Industries 3.25 Billion in Arrears to Railroad

934C0497B St. Petersburg NEVSKOYE VREMYA
in Russian 20 Nov 92 p 1

[Report by I. Cherevko, place and date not given: "The Only Thing Left Is to Lay Our Head on the Rails"]

[Text] 3.25 billion rubles [R]—that is how much the enterprises of Petersburg and Leningrad Oblast are in arrears today to the Oktyabrskaya Railroad. The most "imposing" defaulters in Leningrad Oblast are the Kuznechnoye granite quarry PO [production association] (166 million), the Svetogorsk PO (116 million), the Kingiseppsk Fosfort plant (116 million), and the 458th Scientific Research Institute (112 million). Petersburg is represented by more modest figures: Elektrosila (20 million), the Sverdlov PO (21 million), and the Banner of Labor LPO [timber production association] (113 million). The total debt comprises unpaid shipping, unloading, shipment storage quotas, and clearing of train cars.

According to Anatoliy Fefelkin, head of the financial department of the Oktyabrskaya Railroad's administration, the reason for the debt is a shortage of cash among the very state enterprises the state has thrown to the "tyranny of fate" and the joint-stock companies created on their basis. The debt of the railroad itself is R9 billion, of which the railroad owes R5 billion to suppliers of spare parts, the production of which is scattered through nearby foreign countries. As a result, we cannot talk about regular supplies of the spare parts necessary for current maintenance and repairs of the rolling stock and the railway lines. The railroad cannot even pay for electricity and fuel.

According to Valentina Novoselova, deputy head of the financial department of the Oktyabrskaya Railroad's administration, this has brought traffic safety conditions on the lines of the Oktyabrskaya route "to the brink of catastrophe." The situation is deepened by the ministry's innovation of having the railroad's income consist of its

monthly earnings. The actual income of the Oktyabrskaya Railroad today is only R5 billion. As a result, this month not only will it not receive its very meager income but it cannot pay wages to its own workers.

The leadership of the Oktyabrskaya Railroad sees the only solution to the crisis in support from city hall, which is "feeding" the railroad administration with promises, citing lack of funds. In this connection, the recent example when the economic development chairman of the town hall committee, Dmitriy Sergeyev, guaranteed to pay a plant producing electric trains for the delivery of two trains to meet the needs of the Oktyabrskaya Railroad stands out. According to Sergeyev's advice, the manufacturing plant is demanding the credit be paid off, but the town hall is refusing, nodding to the railroad administration, which is appearing in the role of "poor Masha" in this situation.

So that for now the railroad will have to wait for the local authorities to address it. It no longer has any reserves or ministerial credit of its own.

Edict on Accelerating Development of Continental Shelf Oil, Gas

935D01674 Moscow ROSSIYSKAYA GAZETA
in Russian 10 Dec 92 p 3

[Russian Federation presidential edict No 1517, "On Measures for Accelerating Work on the Development of Oil and Gas Deposits on the Continental Shelf of the Russian Federation"]

[Text] For purposes of ensuring the strategic interests of the Russian Federation in creating a current fuel-energy complex, as well as for the effective application of converted defense complex enterprises, I hereby decree:

1. To establish that the development of the Shitokmanovskiy gas condensate deposit and the Prirazlomnyy oil deposit be performed by the joint-stock company, "Russian Company for Development of the Shelf," in accordance with the program ratified by the Russian Federation Government.

The Russian Federation Committee on Geology and Application of Mineral Resources shall provide for the issuance of licenses to the joint-stock company, "Russian Company for Development of the Shelf," granting the right to utilize the said deposits.

2. The present edict becomes effective in the order established by point 3 of the 5th RSFSR Congress of People's Deputies decree of 1 November 1991 "On the Legal Provision of Economic Reform."

[Signed] Russian Federation President B. Yeltsin
Moscow, the Kremlin

60 Nov 1992/129

N. J. 18

Edict Implementing Edict on Privatization in Electric Power Industry

935D0167B Moscow ROSSIYSKIYE VESTI in Russian
10 Dec 92 p 5

[Russian Federation presidential edict No 1334: "On the Implementation in the Electrical Power Industry of Russian Federation Presidential Edict No 922, dated 14 August 1992, 'On the Peculiarities of Transforming State Enterprises, Associations, and Organizations of the Fuel-Energy Complex Into Joint-Stock Companies'"]

[Text] Guided by Russian Federation Presidential Edict No 922, dated 14 August 1992, "On the Peculiarities of Transforming State Enterprises, Associations and Organizations of the Fuel-Energy Complex Into Joint-Stock Companies," which has become effective in accordance with the procedure established by the RSFSR 5th Congress of People's Deputies decree of 1 November 1991, "On Legal Provision of Economic Reform," I hereby decree:

1. That state enterprises and associations of the electric power industry not specified in appendices No 1 and 2 to Russian Federation Presidential Edict No 923 of 15 August 1992, "On the Organization of Administration of the Russian Federation Electric Power Complex Under Conditions of Privatization," shall be transformed into joint-stock companies and privatized in accordance with the State Program of Privatization of State and Municipal Enterprises in the Russian Federation for 1992 and with Russian Federation Presidential Edict No 721 of 1 July 1992, "On Organizational Measures for Transforming State Enterprises and Voluntary Associations of State Enterprises Into Joint-Stock Companies," in the time prior to 1 December 1992.

2. To establish that:

All stock of the Russian Joint-Stock Company for Power and Electrification (RAO "EES Rossiya") shall be common stock, except for that stock transferred without compensation to the members of labor collectives who have selected variant 1 for allocation of benefits specified in point 5.4 of the State Program for Privatization of State and Municipal Enterprises in the Russian Federation for 1992.

For three years from the moment of founding of the RAO "EES Rossiya," the state's share must comprise no less than 50 percent of its charter capital;

The participation of the republics within the make-up of the Russian Federation, krais, oblasts, the autonomous oblast, autonomous okrugs and the cities of Moscow and St. Petersburg in the management of the RAO "EES Rossiya" is ensured by means of the Committee on Administration of Property giving up 30 percent of the votes on the stock belonging to the state to the RAO "EES Rossiya" in proportion to the volumes of consumption of electrical power.

No less than 20 percent of the stock in RAO "EES Rossiya" is subject to sale in accordance with the existing legislation to the citizens of the Russian Federation for privatization checks. The ratio of votes belonging to the Russian Federation and the specified national-state, national- and administrative-territorial formations at meetings of RAO "EES Rossiya" stockholders nevertheless remains unchanged.

3. To establish that the state's representatives to the RAO "EES Rossiya" Council of Directors and its general director (president) are appointed by the Russian Federation Government. The representatives of the state in the Council of Directors form a collegium, and its representative acts in the name of the state at stockholder's meetings.

The RAO "EES Rossiya" shall present annual reports on its activity to the Russian Federation Government.

4. On the basis of the electrical power plants specified in Appendix No 2 of Russian Federation Presidential Edict No 923, dated 15 August 1992, "On Organization of Administration of the Russian Federation Electric Power Complex Under Conditions of Privatization," with consideration for the opinion of their labor collectives, subsidiary joint-stock companies of RAO "EES Rossiya" shall be instituted.

Benefits to workers of the specified electrical power plants are allocated at their choice, through stock in RAO "EES Rossiya" or in the subsidiary joint-stock companies. If variant 2 is selected for allocation of benefits specified by point 5.4 of the State Program of Privatization of State and Municipal Enterprises in the Russian Federation in 1992, the number of shares of the subsidiary joint-stock company acquired by its workers and persons equated to them may not exceed 49 percent of its charter capital.

5. To establish that in the period when more than 50 percent of the stock in RAO "EES Rossiya" is retained in state ownership, the stock of the subsidiary joint-stock companies founded in accordance with point 4 of the present Edict, as well as the stock introduced by the Russian State Committee on Property into the charter capital of RAO "EES Rossiya" at the time of its founding is, based on the offering by RAO "EES Rossiya," sold, introduced into the charter capital of the created power companies, and estranged by other means in the time, in the order, and on the conditions set by the Russian Federation Government.

6. In accordance with Article 14 of the RSFSR law of 10 October 1991, "On the Principles of Budget Organization and the Budgetary Process in the RSFSR," to establish that the dividends computed on the RAO "EES Rossiya" stock belonging to the state remain at the disposal of the Company and are directed toward the development of the Unified Power System of Russia.

- 7 To preserve the mechanism of state regulation of tariffs on electrical and thermal power supplied to consumers from the power and thermal networks of the joint-stock companies, as well as to overflows of electrical power between networks belonging to joint-stock companies in power and electrification.
- 8 In partial revision of Russian Federation Presidential Edict No 923, dated 15 August 1992, "On the Organization of Administration of the Russian Federation Electric Power Complex Under Conditions of Privatization," to establish that the shareholdings in enterprises in machine building, construction, the building industry and municipal services specified in Appendix No 1 to the indicated Edict and belonging to the state, at the proposal of the Russian Federation Ministry of Fuel and Power, be handed over by the Russian Federation State Committee on Management of State Property to the trust of the RAO "EES Rossiya" or to other joint-stock companies created in accordance with the indicated Edict, or for sale to the Russian Federal Property Fund.
- 9 The preamble to Russian Federation Presidential Edict No 923, dated 15 August 1992, "On the Organization of Administration of the Russian Federation Electric Power Complex Under Conditions of Privatization," following the word, "property," shall be amended with the words, "and in accordance with Russian Federation Presidential Edict No 922, dated 14 August 1992, 'On Peculiarities of Transforming State Enterprises, Associations, and Organizations of the Fuel-Energy Complex Into Joint-Stock Companies'."
- 10 The present edict becomes effective from the moment of its signing

[Signed] Russian Federation President B. Yeltsin
Moscow, the Kremlin
November 1992
No 1334

Liberalization of Travel, Possible Labor Emigration Examined

934104561 Moscow ROSSIYSKIYE VESTI in Russian
9 Dec 92, p 3

Article by Igor Vasilyevich Khalevinskiy, Russian Federation Deputy Minister of Labor: "For Earnings—It Will Be Possible to Go Abroad. But Do Not Hurry to Find Your Fortune in Foreign Lands"]

Text] Rumors to the effect that on 1 January 1993, after the Law on the Procedure for Entry and Exit of USSR citizens goes into effect, 25-30 million migrants from Russia will rush abroad in search of earnings—have been greatly exaggerated. In fact, as sociological surveys have shown, only 1.5 million Russians would really like to set off to foreign lands in search of their fortune, and only half of them are actually ready to go abroad to work. Most are already today engaged in professional retraining

and looking into the possibilities of concluding contracts with Western firms through joint ventures

However, our bluffing with figures has led to the fact that the governments of many Western countries, frightened by the possible "invasion" of Russians, have sharply tightened their immigration legislation, the order of job placement for foreigners, as well as the procedures for entry of possible migrants from other countries. Of course, in the new year the boundaries within the EEC [European Economic Community] will disappear, but they will not become transparent along the so-called external perimeter of the Community. While Spaniards or Greeks may quite freely earn extra money somewhere in the vineyards of France or in German factories within the framework of the Common Market, for the citizens of the former socialist countries this is much more difficult to do.

Of course, no one in Europe opposes the integration of Russia into the international labor market. On the contrary, the world and the European Community are ready to accept Russians to work, but under the condition that they find employment by legal, civilized means within the framework of mutually coordinated quotas.

The Russian Ministry of Labor is conducting negotiations with an entire series of countries on allocating such job quotas to us. Almost a year has passed since the initialing of two agreements between the governments of Russia and Germany at the expert level. According to these agreements, the German side would grant us 11,000 jobs. In other words, this number of Russians, primarily in the building professions, would be able to go to small and medium-sized enterprises in the FRG to work under contract for a period of up to two years. In Germany they will receive the same wages as German builders of the corresponding qualification. The agreements on contract work between the enterprises of the two countries provide for the mandatory return of the Russian workers back home.

According to the second agreement, "On employment of persons working for hire for the purpose of increasing their professional and linguistic knowledge," each side promises to accept 2,000 trainees of various professions annually, the so-called "gastarbaiteis," ranging in age from 18 to 40 years. Their labor wages, as well as provision of medical services and living conditions, will depend on the terms of the contract.

We hope that the agreements will finally be signed during the high level visit to Germany in December of this year, and will go into effect already in 1993. We also expect to prepare similar documents for other countries. Many ask the question: what will this give us?

In Germany, the Russians will be able to closely observe the Western way of life and gain a hands-on familiarity with the work of enterprises under conditions of a market economy. This will have a favorable effect on their general mentality. After all, it is necessary to adapt

In our opinion, the best means of reducing illegal migration is to expand legal migration on the basis of official labor quotas between countries. Then Russians would be able to peacefully go abroad for earnings within the framework of the appropriate agreements.

Today in our country, legal labor migration is possible only through the Ministry of Labor system, and also within the framework of direct relations between our firms and foreign ones. We believe that direct contacts must also be under the control of the state. For example, in Czechoslovakia foreign firms cannot even place ads on hiring prospective workers abroad without official permission. We are speaking not about some total control, but about the elementary accounting of our labor resources, which must be preserved and not squandered needlessly.

Government To Create Department On Problems Of Families

934404014 Moscow ROSSIYSKIYE VESTI in Russian 3 Dec 92 p 1

[Article: "A Department on Problems of Families Has Been Created"]

[Text] In the interest of strengthening the social protection policies for citizens, the government of the RF [Russian Federation] handed down a decision on the creation of a department for the problems of families, women and children, as an organic part of the central organization of the Ministry for the Social Protection of the Russian Population. The department was assigned the following responsibilities: to carry out the development and implementation of comprehensive social protection programs which provide guarantees and direct social support for children and families, to develop proposals aimed at improving existing legislation on protecting the rights and ensuring socio-legal protection for this population group, the creation of a state social service for assisting families and for training personnel for this work, ensuring interaction between those state and non-governmental organizations engaged in the handling of social protection problems.

Sports League Provides Cover For Training Illegal Armed Groups

934404018 Moscow IRLD in Russian 4 Dec 92 p 3

[Article by Aleksandr Tarasov, Moscow: "In The Ring They Do Not Shoot"]

[Text] An illegal base for the training of hired guards has been uncovered.

Workers attached to a Moscow regional administration for combating organized crime arrested a 26-year-old male, a guard for a commercial sports association—the Russian League for Professional Boxing (Rossiyskaya liga professionalnogo boksa—RIPB)—in the city of

Domodedovo. They removed a Makarov pistol with seven bullets and a gas bomb from the arrested individual.

By no means can this event be referred to as a common occurrence. But soon thereafter, in the Moscow suburb of Zheleznodorozhnyy, unknown individuals attacked a commercial booth at the MP [small enterprise] "Forum." The officials arrested rather quickly three of the attackers—an RIPB driver and resident of Moscow and two of the league's workers who did not have a permanent place of residence. These individuals were armed with Makarov pistols and full clips of cartridges for them. This forced one to stop and think. This is why the militia workers decided to visit the territory of the former "Yunyy Leninetz" Young Pioneer Camp, acquired by the RIPB for the purpose of organizing an educational-training camp for the league. The results of the investigation were quite surprising: a large amount of ammunition, bullet-proof vests and an abundance of military property were uncovered in one of the buildings.

At the same time, a search was carried out in the Moscow office of the RIPB on Budenny Avenue and also in Domodedovo where a building is being erected for the league. And here they uncovered an entire arsenal of special weapons and special equipment that could be employed not only for protection but also for carrying out attacks: bullet-proof vests, anti-tank obstacles, explosive charges, shock grenades, handcuffs, rubber clubs, Japanese radio sets and cameras for concealed observation. Documentation was also found attesting to the non-sports activities of the RIPB.

Judging by the "trophies," it is assumed that the training center was to be used for training armed combat groups belonging to an SEB [not further identified]. The materials obtained during the investigation underscored the fact that a new type of "command" had been created under the RIPB cover—an economic security service with elements of a military formation. It is sufficient to state that the program of instruction included both physical training and also training of a guerilla-terrorist nature. However, it should be stated that the latter is only an assumption.

One very curious windfall came to light in the RIPB office—a map of the former USSR. In the opinion of the official experts, the arbitrary designations on it (or, if you wish, notes) confirm that the organizers of the "iron legion" intended to institute (or had already organized) 11 of their own zonal administrations, including more than 100 subunits at the kray, oblast and rayon levels.

The investigation will reveal if the league needs such a far-flung structure merely for the programming of profitable fights over boxing time.

glass, slate, railing, washers, and radiators. We have decreased the amount of refrigeration equipment we need, which has helped us put education, health care, trade, and public eating facilities into use in a timely fashion. A deciding factor has been the solvency of the department's consignees, especially when the suppliers have demanded prepayment. This is a fact of considerable interest. Deliveries of building materials and components from without has been significantly reduced, which is explained not only by their more economical consumption but also by improved warehousing and a cutback in extra supplies and extra surplus, as well as by the fact that incomplete and long-term construction projects that have been on the construction balance sheet are being sold in trades and auctions. Previously they drew off capacities, funds, and building materials as well

The nature of transportation has become more rational. Motor transport has been cut by 20 percent and railway transport by nearly 10 percent. Lack of transport has ceased to be a problem, but another has come to the fore: financial relations with transport workers. Right now we are deciding whether to forgive the debts of Moscovites by working out an advantageous loan. Nonetheless, further rationalization of transportation, loading, unloading, and transshipments continues, since there is still significant room for freeing up large sums for this.

The Branch Process

Due to the huge cutbacks in budgetary appropriations for research, the subdivisions of the capital's construction complex have found themselves not simply the recipients of the drastic research done under the aegis of the state, but at the main and at times sole client for the research. Scientific collectives of other ministries and departments have been formed. Thus, research on the use of computers in the engineering preparation of the construction of the Tasholin fields and pinpointing sources of formaldehyde contamination in several districts is based on their concrete results and recommendations. This will allow a methodology to be developed that will have significance for all of Russia's construction. It could be said about the equipment used in the construction of demands for fiberglass construction, using polystyrol concrete, and the use of international energy equipment to the construction of buildings from wood shavings. Right now we are planning to apply progressive new technologies such as polyurethane insulation on the joints of buildings, as well as ducts. More economical parquet and soundproof windows for buildings have been put into operation, and the construction of a loggia with relief borders. The construction of a payload capacity of 400 and 630 kg and the use of electronic smoke removal systems have been completed.

Construction of new machines and mechanisms are being completed. This year building complex construction put into operation about a hundred

progressive technologies and building construction manufactures, as well as efficient materials that increase the industrialization of the construction assembly line.

Personnel

No matter what anyone says, it is they who in fact decide everything. But builders all over the world are restless folk. Believe me, one way or another, all the world's major cities have run into the problem that Muscovites have christened with the insulting word *limitchiki*. It is another matter that our own profoundly unique form of it can be explained by the increased attractiveness of Moscow builders' working conditions and life. It's no secret: many people want to join us only to get the desired Moscow residency permit. At one time preparations for the 1980 Olympics let us choose the very best out of all those sent here, but now that choice is not available to us, nor will it be. Imagine what it was like to watch the departure of highly skilled specialists. Just in 1990, during the cooperative boom and the expansion of the alternative sector of the economy, nearly one in three resigned. In 1991 we were able to slow this process down somewhat, but recently Moscow's government passed a decree "On Measures for the Social Protection of Skilled Personnel in the Construction Complex," presenting them with additional privileges and guarantees, including subsidies for food, health care, and vacation. In the last nine months alone, the average monthly salary for builders (in comparison with the same period of last year) increased by a factor of 10. And the result: the absolute loss of personnel was only 2,500, which was more than two times less than for the corresponding period of last year. The main thing is that for the first time in many years all the capital's PTUs [vocational-technical schools] were filled, with 5,500 Muscovite boys and girls. That is, as in the postwar years, the profession of builder is once again becoming prestigious and popular among the city's youth. I won't be revealing a secret if I say that for many it represents a real chance to get housing of their own while they're still young.

Prospects

The Construction Department, along with the Moskapstroy association and Moskomarkhitektura, is implementing the program approved by Moscow's government for the experimental construction of a new generation of residential, public, and industrial buildings. In Severny Butovo, Pd-4-series 12-16-story buildings are already being constructed, as has already been reported in Moscow's newspapers at great length. Plans are being completed for 24-25-story buildings made of solid ferro-concrete for the microdistricts of Zhudovo, Mitino, and others.

The Coordinating Council and its working group implementing the plan for reconstructing the center of the city have been at work since August. The inventory of structures subject to reconstruction has been completed, and the technical documentation, on the overall renewal

of entire blocks is being put together. Citizens will start to be moved out of the 100 buildings the builders are going to start on.

Small attached and freestanding houses are already being put up. The Low-Rise Residential Construction Program has specified its participants in Dmitrovskiy and Ramenskiy rayons.

The Revival of the Construction Market

Business activity by enterprises of different forms of ownership than before is facilitating the revival of what was before the revolution the very dynamic Moscow market in investment orders. Its main participants will be present contractor organizations competing among themselves for reliable, financially secure clients. Of course, the formation of the market infrastructure is proceeding in a specific situation. However, contractors' continually increasing activity is cause for satisfaction. The Mospromstroy AO [joint-stock company], which is prepared to buy 40 percent of the shares issued, thereby transforming itself into a wholly privatized AO, is already operating within the commercial structure. The Mosmontazhspetsstroy and Mospromstroy materialy holding companies and the Mosinzhstroy Association of Enterprises and Organizations of the Construction Complex have been created. For the purposes of further destatization, the former Glavmosstroy PSO [design and construction association] has been eliminated and a municipal enterprise, the Glavmosstroy Company, has been created on the basis of the property of its administrative apparatus. Applications have been submitted to the Moscow Property Committee for the privatization of 74 enterprises in the capital's construction complex. A procedure for the purchase and lease of premises has been agreed upon. The value of the property for which positive privatization decisions have been made exceeds a billion rubles.

For Moscow's builders, the process of adapting to the market, naturally, has been marked by the occurrence of previously unknown difficulties. But the fact that it is proceeding successfully is witnessed by the wholly retained manageability of all links in the capital construction complex. Confirmation of this is the fact that Moscow has the lowest prices in the country per square meter of constructed housing with the highest quality, as before. Demand for the rate of bringing in new construction has not declined at all but only risen, and that continues to be the prospect for the distant future. This is why expanding cooperation between enterprises of private and entrepreneurial capital and our enterprises will require that the former match the level we have achieved. It is in this that I see the especially notable role that Moscow builders play in the general process of reforming the economy of Moscow and all of Russia.

Acting Health Minister on Plans to Introduce Medical Insurance

934A0452A Moscow IZVESTIYA in Russian 10 Dec 92, Morning Edition p. 2

[Interview with Acting Russian Minister of Health Andrey Vorobyev, conducted by IZVESTIYA observer Svetlana Tutorskaya: "The Public Health Agencies Were Faced With a Single Task in '92—To Survive"]

[Text]

[Correspondent] First of all, what is the real situation of public health today?

[Vorobyev] In the Spring of this year, there was a real campaign of distrust of the government, and a report of any effort by it to stabilize the situation in the economy by means of decentralization. Along with the justified reproaches, there was also an abundance of intentional falsehoods. Medicine also got its share of them. However, it turned out that public health had not been destroyed, despite the poor financing and despite the fact that this year our budget was cut almost in half.

[Correspondent] It seems, when we speak of intentional lies, it is better to say specifically from the outset: "Who distorted what facts?" And if it is about money. Could it really be true that they halved that 3.4 percent of the gross national product, which as it was had already made us the laughing stock of the developed countries of the West? They cut this sum by two times more.

[Vorobyev] Yes. The government really had to do this. Although now it would be difficult to compare the budget. As of February-March of this year, the budget for public health was handed over to the territories, and there the local authorities, making use of the severe weakening of the tax burden, provided subsidies to medicine. So that it is difficult to answer even the simple question—how much does an intera receive? It is different in different regions, and even in Moscow. For example, in the city hospital, an intera receives more than in a clinical institute, because in the hospital it receives supplemental payment from the Moscow authorities. Yet the Russian Academy of Medical Sciences—the master of the clinical institute—does not have such money.

The expectation that the territories will manage to do to save their public health has been justified.

[Correspondent] As it has become known, it is true that there have been some positive changes in public health. Yet in the "White Book" devoted to the state of health in 1991, they are not apparent.

[Vorobyev] Here we need to be accurate. Unfortunately, that the situation with public health is not as good as we have a high infant mortality rate. Although, with the economic growth, the life expectancy of men is increasing.

decline. The repeal of limitations on sale of alcohol has immediately accelerated this process due to severe traumas and accidents.

The "White Book" gives the statistics for 1991. However, if you take the figures for 1992, you will see, the number of infectious intestinal diseases has greatly declined. It was expected that the number of persons with a clinical picture of AIDS would be counted in the thousands. Yet we have 85 patients, and the tendency is toward a decline in the AIDS rate. We have avoided the tragedy of mass transfer of this infection with the components of blood, as had been the case in the USA, Germany and France. Our singular cases of in-hospital infections occurred through filth and disregard of nurses for elementary rules. However, these facts were much more localized than the tragedy in France, when patients were given transfusions of contaminated blood.

[Correspondent] But here is the disturbing thing. You said that the number of cases of venereal disease has increased, and specialists on infections believe that AIDS must increase together with them.

[Vorobyev] Today the statistics are such. Venereal disease has increased by 24,000 cases, yet there have been no more AIDS patients. I did not and do not hold cheerful illusions about the status of public health, but the other extreme is also incorrect. In that destructive time, during which I had occasion to be minister, the system of health protection transferred to a new path was continued to work and to bring benefit. And to groundlessly defame it is stupid.

The health service cannot be entirely market oriented. Aid to a sick person is not the market, and if we have such favorable statistics on AIDS, it is only thanks to the operation of the previously created strategy of preventing illnesses, which was a vital trait of our medicine, in spite of all its poverty. And I am categorically opposed to tearing down free medicine, accessible to all. Not in one European country has treatment been given over to uncontrolled paid medicine. There is the prevailing state medicine, as in England, and social insurance, as in Germany. In other words, treatment sometimes costs considerable money, but it is paid not by the patient at the desperate moment, but by the insurance company. The money goes to the insurance fund from taxes.

We too have developed a project for such insurance-funded medicine, when each member of society pays for treatment through taxes. For those who are employed, the money will be allocated by the enterprise, and for those who do not work, by the state budget. Unified scientifically substantiated standards of diagnosis and treatment are created. Now it will be not the hospital beds and not the number of doctors, which will be financed, as before, but the health maintenance of every resident in the country.

The standards which correspond to the world level are being ratified by the Ministry of Health. It has already been proven that competent standardized systematic

treatment is only at first glance more expensive than asystematic independent activity. In fact, if we keep in mind the end results, it is much cheaper. The life expectancy is increased by about 10 years, and it is possible to avoid chronic illnesses, which are very expensive to treat.

It is understandable that we will have to spend more on the health care service of residents living in rural and remote regions, where there are no large hospitals. We will most seriously undertake prophylaxis and treatment of illnesses among the minor peoples of the North.

The proposed reform in fact signifies the beginning of radical changes in the entire system of health care. Instead of central distribution of funds, equipment, and medicines, there is full independence of the local agencies for health care administration. However, the end result of the work of a doctor or a hospital is evaluated not according to a cleverly written annual report, not by the ability to please the management, but by the strict indicators of life expectancy and infant mortality. Acceptable results in treatment and prevention of illnesses may be achieved only by using the leading world experience, and by adhering to the strictest regulations of programmed treatment and diagnostics. Such work will require doctors with a necessary minimum knowledge and skill, highly skilled general practitioners, family practice doctors, and nurses capable of independent work, which today is often performed by the clinical intern.

For errors in diagnosis and treatment, the insurance company will pay the victim very large sums of money, and the financial position of the insurance company will depend on the training of the doctor. That means in all medical VUZes [higher educational institutions] we will have to organize not ceremonious-demonstrative state exams for graduates, but strictly regulated ones, not on three questions, but on the entire program. Computer-administered exams may be taken, gaining access to certain work depending on the number of correct answers. For our country, this system of exams is not new and technically quite feasible. The Ministry of Health will retain primary control over the development and adherence to standards of education, diagnosis and treatment. And it would be very good if the heads of administration reported annually to the citizens on the state of public health in their entrusted territory, keeping in mind at least two indicators: life expectancy and infant mortality.

The doctor and the teacher. From the first day to the last they protect, nurture and instruct a person, creating a suitable life for him. Let society also care about these eternal laborers in the field of culture and health.

The Law on Medical Insurance prepared last year by the Ministry of Health was adopted by the Supreme Soviet. But then everything came to a standstill. The leadership of the Supreme Soviet Committee on Health Protection wants to subordinate to itself the money for medical

insurance of citizens, as well as practically the entire public health budget. The Russian Ministry of Health has developed the Law on Insurance, but cannot implement it due to the lack of money. Perhaps a new institution will be created under the Supreme Soviet which will be charged with managing public health? He who has money also holds power.

[Correspondent] But perhaps this money will return to you?

[Vorobyev] Certainly not. It is expected that in the next few days the chairman of the Russian Supreme Soviet Committee on Health Care, A. A. Askalonov, will implement a decision which will legalize the seizure of funds. Yet the seizure of finances from the lawful authorities—in this case from the government—is, after all, illegal. Of course, we could in full conscience impose a new tax on the residents of Russia, specifically for medical insurance. The citizens would be saddled with a new tax burden, and the money would go to the same place as the Pension Fund money remaining after pension and other payments are made, at the disposal of the Supreme Soviet. As it recently became clear, all these huge sums of money are absolutely not subject to reporting. There has not been a single investigation of how they are spent and on what grounds they are usurped.

The public health reform which we propose does not mean an increase in the collection of money. The money is there; it must be taken out of the Pension Fund. Moreover, we propose that financing be made territorial. However, if the new money once again goes to Moscow, then with the current concentration of power and lack of accountability of the Supreme Soviet, which has already become a new banker (and before that it created its own militia), there is not the slightest guarantee that there will be funds for good insurance and state medicine. It is quite probable that, as Minister E. Famfilova said in an interview with a foreign newspaper, "the struggle is being followed... to destroy the social sphere, depriving it of money, and thereby destroying the government. And since without money, society cannot function."

The formulation of what is taking place is not a dictatorship, but a dictatorship, nevertheless, is taking place before our very eyes. The Ministry of Health is working toward the destruction of the Ministry of Health quite recently came to us asking for help. They say that they were threatened by a conspiracy to destroy the country. They are waging their attack. The result—the probable downfall of the state system of public health, which at one time the World Health Organization considered a model for the "third world." The new system is being imposed on everyone. And that is exactly what the conspirators are building brick by brick the state system which is always present under any form of government and political system.

[Correspondent] Andrey Ivanovich, we cannot avoid in this conversation the scandal over the deal with "Philips." The papers are full of it.

[Vorobyev] Let me say two words about the essence of this contract. In the middle of last year, after a month-long expert investigation and with negative reviews by expert-specialists, a contract was concluded under which the Russian Ministry of Health was to buy expensive diagnostic and treatment instruments (which were also produced in our country, but of slightly worse quality) from the "Philips" company at a cost of approximately 25 percent above the market price. For this the firm, in conjunction with the defense enterprises, is organizing the assembly of these same instruments in our country from parts purchased from this same firm, again by the Ministry of Health. And then it must buy the assembled instruments from these enterprises, this time already for rubles. The budget ratified for the current year does not provide for payment of the contract (it costs half of the annual budget of the country's entire public health). This might have been the end of it. But then there was pressure on the minister from all sides, from various bureaucratic folk within the apparatus, and from the primary proponent of this contract, A. A. Askalonov (he should write laws, and not engage in trade). We get the impression that he does not understand the simplest thing. The Ministry of Health has one pocketbook, and a very thin one at that. The purchase of vitally necessary medicines abroad and the payment of this contract are incompatible. Either the medicine, and the sick will live, or the contract, and the sick will die. At the order of a government leader, it was suggested to the firm in the most polite form that it review the contract, reducing the volume of deliveries, replacing the assembly of the apparatus with the development of self-recoverable joint enterprises based on the most beneficial conditions. There is no need to give an evaluation of those unduly familiar letters which the petty bureaucrats of this firm allow themselves to write to the leadership of the country, their television presentations, and all kinds of blackmail. We have not concluded such contracts with any firms, nor do we intend to. And those who did so knew very well that they were putting the country in a very heavy servitude of debt, when there are not even enough funds to pay the interest on the debts, and when we are being deprived of a voice in international organizations because of our failure to pay.

But the contract is not abrogated if the defense enterprises have the funds to buy the complement parts. Let them buy them, assemble the instruments, and take them to the public health market. Whoever has the money will buy them.

Joint enterprises are more profitable, and a cheaper solution. That is just how we should organize the joint production of medicines. Many Western countries charge very much for know-how. We must seek cooperation with the third world countries which have already assimilated the new technologies.

[Correspondent] What system of medical insurance, in your opinion, is closest to our system of health care?

[Vorobeyev] The German. It was created around 100 years ago by Bismark. And it has proven itself well for many years. Although our German colleagues laugh—you do not know all the hidden obstacles of medical insurance, they say. Nevertheless, I am convinced that we will bring insurance to life. Although when it is necessary to count money all the time, it is difficult to maintain a kind heart.

Social Welfare Minister Interviewed on Assistance Program

23410408 St. Petersburg NEVSKOYE VREMYA
in Russian 28 Nov 92 p 1

Interview with Social Welfare Minister E. Pantfilova by S. Zheleznova, place and date not given. "The Only Woman Minister Has the Heaviest Portfolio"

1. **Q:** On 15 November it will have been a year since Ella Pantfilova became the Russian Federation's social welfare minister.

Pantfilova: When I came to the ministry, the social welfare system seemed to be living out its final days. The system was conservative and tried to save what it could. It was a system that was the skeleton of the old system. The social assistance departments—even if they would not have been able to stand up.

2. **Q:** How do you believe it is needed to keep people from leaving the ranks of the social assistance departments? Is all the money that is put into them going to be used with some kind of efficiency? Social Systems, which will be created in the future, will be able to focus on the tasks that are most important. The money that is put into them will be used more efficiently. The money that is put into them will be used more efficiently.

NEVSKOYE VREMYA: A paradoxical situation has arisen in the country. As a rule, the state is not able to pay for the services that are provided by the social welfare system. When is it going to be able to do this?

Pantfilova: The state is not able to pay for the services that are provided by the social welfare system. When is it going to be able to do this? The state is not able to pay for the services that are provided by the social welfare system. When is it going to be able to do this?

NEVSKOYE VREMYA: How do you, as a member of the government, see this problem?

Pantfilova: The state is not able to pay for the services that are provided by the social welfare system. When is it going to be able to do this? The state is not able to pay for the services that are provided by the social welfare system. When is it going to be able to do this?

3. **Q:** How do you see the program and a rapid fire right now? Is it possible to see the program in the future?

drug addiction. Our country is marvelous and has not yet been taken over by the drug market. But the psychological ground has been prepared, people are under stress.

NEVSKOYE VREMYA: How is the population going to be protected from mounting unemployment?

Pantfilova: Here we are working with the Federal Employment Service. Women, pensioners, and invalids are going to suffer worst of all. There is no point in relying on social support in the form of monetary subsidies or compensation, we have to give people a chance to earn a living. In Moscow, the first VUZ [higher educational institution] in the country for invalids has opened, where they will learn complex and prestigious professions, not how to glue boxes together. Women are needed as social workers, which we do not have enough of at all yet. Families with many children will be allowed to acquire farms. A program has been worked out in cooperation with the All-Russian Veterans Committee to bring pensioners into the market. There have already been 500 million rubles appropriated for the creation of enterprises where elderly people will work.

NEVSKOYE VREMYA: When will organizations that have no income be freed from taxes?

Pantfilova: A law "On Charity," which provides for tax breaks, has been drawn up and submitted to the Supreme Council. The property of these organizations, for example, will not be subject to tax, and they'll be able to get a discount on taxes.

NEVSKOYE VREMYA: So far the system of social assistance for families with many children has been working quite well. But sociologists say that it is particularly hard for young families with one or two children who are left without any support.

Pantfilova: We are planning to focus on young families. In this connection a draft law has been submitted to the Supreme Council.

NEVSKOYE VREMYA: How are you building relations with the less developed regions of the country?

Pantfilova: The situation of problems is quite varied. In some regions, with ecology, another with a low level of income, a high birth rate, yet another has a high level of education. Although it seems, matters with social welfare are worst of all in Moscow. In Nizhny Novgorod, Udmurt, even Northern Ossetia, the social service function wonderfully. St. Petersburg is trying to find creative programs to protect the individual. There is not always enough money to implement them. But for me generally this year the hardest is that people have reached their limit. This stage is the most difficult. When things get better, in fact, the situation becomes desirable. The Civic Union, for instance, intends to put Yev Klovskoy, the former leader of the Civic Union, in the place of the former leader of the Civic Union.

General Prosecutor Stepankov On Fight Against Crime

934104104 Moscow IRUD in Russian 5 Dec 92 p 2

[Interview with Russian General Prosecutor Valentin Stepankov by Olga Solomonova: "The Prosecutor's Here"]

[Text]

[Solomonova] I would like to begin our conversation with a question about the thing that worries everyone most—the scope of crime and its rapid adaptation to new conditions. Is our law-enforcement structure keeping up with all this?

[Stepankov] People are worried not only about the incidence of crime, but also about dangerous trends in the very character of crime, which is trying to seize control of the economy, trade, entrepreneurship, and the service sphere. Analysis shows that conditions that promote crime are growing, and no effective system to counter this has been set up as yet.

Our efforts are concentrated in two main areas: adopting state and regional programs for fighting crime, reinforcing law enforcement agencies, especially investigators and operational staffs and teams of experts, improving the legal foundation, putting a stop to the most dangerous manifestations of violent and organized crime, preventing juvenile crime, and combating recidivism. One of our main responsibilities is to protect the interests of our citizens, especially victims. Unfortunately, lately, both legislators and the mass media are focusing more attention on the human rights of a person who commits a crime, not on the rights of the victim. For example, a number of legislative acts have been passed on easing conditions at places of confinement and expanding the rights of the accused during investigations and trials, another amnesty has been declared, and so on.

[Solomonova] This one-sidedness is depressing. Law-abiding citizens are increasingly feeling that they are defenseless against raging crime.

[Stepankov] One shouldn't exaggerate. I won't deny that there are shortcomings and mistakes in the work of law enforcement agencies. But one can't say that citizens are absolutely defenseless against rampant crime and that the police, prosecutors, and courts are impotent. That's not the reality. Criminal proceedings are taking place, the guilty are being prosecuted. Nearly three million criminal cases and cases involving juvenile crime are under the procuracy's direct oversight every year. Investigators are hard at work.

[Solomonova] Is the procuracy then directly involved in fighting crime?

[Stepankov] I wouldn't oversimplify things that way. Often, and not only in the minds of ordinary people, the procuracy is associated with agencies directly involved in fighting crime. That's not at all the case. One has to

rank the police first. The chief aim of the procuracy is to make sure that the police carry out this fight by legal methods. In the past 18 months, procuracy officials have rescinded 150,000 unfounded decisions involving refusals to institute criminal proceedings and the dropping of criminal charges. Prosecutors have issued 400,000 arrest warrants for dangerous criminals.

During this time, prosecutors have investigated 129,000 criminal cases. They include 23,000 involving premeditated murder, almost 2,000 involving bribe-taking, and 7,000 involving abuse of official position. A number of cases are being investigated by the Russian Procuracy General directly. They include the case involving the attempted seizure of the government, which we intend to forward to the court in the near future. However, I can't say that it alone is the focus of our efforts. All these cases without exception are complex and involve crimes that pose special social danger and require considerable investigative and operational efforts and very complicated expert consultation.

For example, consider a case involving the criminal activities of two gangs of thugs that terrorized residents of Yekaterinburg and other cities. They committed murders, robbery, and marauding attacks. I also intend to forward that case to the court in the near future. Twenty-two members of the gang will stand trial.

[Solomonova] How does the procuracy combat corruption and bribery?

[Stepankov] Let's split that question into two parts. The first part has to do with instituting criminal proceedings and investigating criminal cases involving bribery, abuses, and thefts committed by officials, including officials of state government and administrative agencies. All these cases are being investigated by the procuracy; indeed, it's hard to find a region where there are no such cases. They are also being investigated by the Procuracy General. In particular, there are cases involving repeated bribe-taking by executives of the Elektrosignal Production Association in Voronezh. Several high-ranking officials have already been arrested and prosecuted. The amounts of the bribes are enormous.

Secondly, there is the question of ensuring compliance with legality in the activities of government and administrative bodies. We are constantly confronted with the fact that the law-enforcement functions of the Soviet Union have been weakened. In addition, one sees contradictions between executive and representative bodies in many regions. Oversight structures are in the formation stage and are only just beginning to operate. In effect, the law-enforcement agencies are currently unable to curb corruption.

[Solomonova] Have there been instances in which you have lodged protests against government decisions that are at variance, in your view, with the Constitution?

former USSR. The Alekseyev and Bartika Design Bureaus refined plans for using the ground effect, which occurs directly over the surface of water or land. In the process, the aircraft's aerodynamic characteristics are sharply reduced, and less energy is needed to overcome air resistance. The ground effect increases pressure under the wing, thereby producing more lift. A number of experimental hovercraft models have been developed; using the ground effect alone, they can take to air and fly over the surface at an altitude of between 0.5 and 10 meters. One might recall, for example, the "Caspian monster"—a hovercraft developed by the Alekseyev Design Bureau—that caused a considerable sensation. In the 1960s, the Sukhov Design Bureau, in conjunction with a plant in the city of Taganrog, developed several experimental models of aircraft, automobiles, and steamships using the ground effect.

But those efforts did not undergo major development at that time. As they say, there was no "public need." But today, given the worsening fuel crisis, these ideas and development efforts are very promising. For example, the Alekseyev Design Bureau continues to develop hovercraft and is now testing the largest of them—one that weighs up to 500 tonnes. The Sukhov Design Bureau has focused on a hovercraft version that is actually an aircraft that employs the ground effect.

The first experimental amphibious hovercraft, which is a smaller version of the C-90.200 and can carry six to seven passengers, is now being built. Test flights over lakes and seas are scheduled for next summer. Design work on the passenger liner is under way simultaneously.

The C-90.200 hovercraft is designed to fly with a maximum cruising speed of up to 470 kilometers per hour with a range of up to 8,000 km. Its flying altitude in ground effect mode is three meters; when operating as an airplane, the (maximum) flying altitude is 5,000 m. Its takeoff weight can range up to 132 tonnes, and the maximum payload is 25 tonnes. A first-class compartment on the hovercraft's upper deck will accommodate 39 passengers, and the tourist compartment will seat 54. The lower deck will be outfitted with eight deluxe cabins. The aircraft can carry a total of up to 210 passengers.

The craft's relatively high cruising speed, minimal loading and unloading time, capability to land and disembark passengers on shore without stationary docks and specially equipped airfields, flight safety over seas in areas with numerous islands and intensive navigation, and low operational costs—these are the main advantages of the newly developed hovercraft.

Are you interested in cooperating and establishing commercial contacts with foreign firms?" Asked Rolon Martirosov, chief hovercraft designer at the Sukhov Design Bureau.

In technical terms, we are currently ahead of any foreign firm in this field. They are starting virtually from scratch. The hovercraft that are used by the Russian Navy and have been photographed from satellites were

developed 20 years ago. We intend above all to sell finished hovercraft or to operate them jointly. However, we wouldn't decline financial support—on terms that would not be disadvantageous to potential partners, needless to say."

Hypersonic Aircraft Engine Test Successful

934 10364B Moscow IZVESTIYA in Russian 1 Dec 92
Morning Edition p. 2

[Article by Sergey Leskov, IZVESTIYA correspondent, "Russia Invented an Aviation Supersonic Engine, But It Is Making It on Foreign Money"]

[Text] In the Lake Balkhash region, at an altitude of 22 kilometers, the second test was made of a hydrogen aerjet engine for future hypersonic airplanes. The tests were made thanks to the support of the leaders of Kazakhstan and the financial participation of Western firms, which intend to present the results in the United States on 1 December.

This February, IZVESTIYA published material on the first test of a hypersonic PVRD [ramjet engine], which opens up a new era in aircraft construction. These engines provide a speed several times greater than the speed of sound, and a flight from Moscow to New York will take about one-and-a-half hours. In developing the PVRD, Russia, as world authorities feel, has outstripped the country's development by several years. The development of work on the hypersonic engines was in question, however, because of the heavy financial difficulties.

The second test, in the course of which, with the aid of a "ground-to-air" class missile, a speed of over 5,500 kilometers an hour was reached, was possible only due to the fact that the Central Institute of Aviation Engine Building (TsIAM) succeeded in concluding a contract with a group of well-known French firms (ONERA, Aerospaciale, Dassault, SEP, Snecma, Hyperspace), which allotted us a seven-figure sum of currency.

The scientific results of the tests have been offered to Western specialists for joint analysis. As for the "know-how" of the unique engine, the representatives of TsIAM are assured that the whole technical aspect of the work was carefully kept secret.

On 1 December, at the International Conference on Problems of Aerospace Airplanes in Orlando (United States), the French will present the results of the tests. Our people did not go to America again because of poverty, even though the results in themselves promise to make a sensation.

Unfortunately, however sweet it is to hear the praise of the unique engine, its prospects for the future depend to a considerable extent on the Western side. Funds several-fold less than required by the most modest requests were allotted from the budget for the second test. Today, not only France, but also the United States is showing

interest in the Russian super-engine. A number of prominent American specialists recently appealed to the State Department with a request to remove the ban on cooperation with Russia on high technology and to permit joining in on the Russian program for this precise hypersonic aviation engine.

We can be sure, however, that the Americans will not invest money for the scientific results alone. For how long have we lacked high-mindedness with respect to domestic "know-how," when the cost of a single major Western aviation engine equals the budget of the reliable Russian institute? It is laughable, but TsIAM, whose scientific potential has no analogy in the world, has to lease its facilities to a further cooperative to set its business affairs right.

Highway Network Development Examined

934A0384A Moscow GUDOK in Russian 19 Nov 92 p 2

[Article by G. Dontsov, president of the Rosavtodor State Concern. "The Road to the Market"]

[Text] Two years ago, when the mass conversion of the sectorial ministries into all kinds of associations, concerns, corporations and things like that began, many people saw in this approach primarily a "change of signboards."

Reproaches of this sort were also addressed to our Rosavtodor Concern.

The creation of the concern by the will of the 126 founding organizations, however, was above all dictated by two very important circumstances: the need to maintain the continuous unity of Russia's road network and to create the conditions for the most efficient entry of the road sector into market relations.

From the very first days, the concern's specialists started developing the market concept of a road sector, one of the most important documents of which was the "Contract on Operation and Development of the Road Network in the RSFSR," concluded between RSFSR Goskomimushchestvo and the Rosavtodor Concern.

We consider the basic statute of this document to be the following: RSFSR Goskomimushchestvo will transfer the main roads and necessary property on its balance sheet to the economic management of the enterprises and organizations joined in the Rosavtodor Concern, for maintenance, repair and construction. A base has been created for specific interrelations between the state-owners of the roads and those doing the work, the future goal of which was the development of concession forms of management of Russia's road complex.

This was, however, interpreted by the higher authorities primarily as the concern's aspiring to monopolize the sector: the road workers were both buyers and contractors for the work at the same time.

In order to destroy this "monopoly," the Russian Ministry of Transport suggested to the road complex a different pattern of market relations—according to a "buyer-contractor" scheme, in which the former and the latter were not a single person, but represented the interests of various organizations. The role of general buyer here was assigned to the Federal Road Department, which was set up within the Russian Ministry of Transport.

From our standpoint, the "buyer-contractor" pattern, with their famous conflicts, and with the need to have a third person—the court—is not very efficient under market conditions. This pattern can be efficient only on one obligatory condition: the buyer is obliged to be the owner of the facilities constructed by him, which he will subsequently operate himself, and for which he will bear economic and legal responsibility for its condition.

Otherwise, the service of the buyer is a typical office with money. Its employees, in the process of constructing and accepting—turning over the facilities, are often not guided by the objective criteria of an owner—it does not permit hack-work!—but mainly by compromise approaches, and getting used to looking out for its own interests. One example of this is the many-member UKS [capital construction administration] for housing construction, for construction of those very apartments which new residents, upon moving in, are often forced to glue together again, re-floor, repaint.

As before, we consider the most efficient market pattern to be an economic system based on contractual, concessional relations between the owner of the roads—the State—and those directly producing the work, to whom the State delegates the power of owners, with all the economic and legal responsibility.

The pattern of concession has become possible due to the law passed "On Road Funds in the RSFSR." The road sector, for the first time in domestic practice, converted to extra-budgetary financing. Now, as in all highly developed countries, road construction and maintenance will be carried out through taxing the owners of motor transport.

With market relations and with our already legendary poor road conditions, Russia's motor vehicle routes need not just a buyer-executor, but a buyer-owner. The situation has formed today, however, in which Russian roads have no owner at all as such.

I foresee the question, how is it, you will say, that there is there no owner? What about the State Committee of the Russian Federation for State Property Management?

You are quite right. It is this committee which today personifies the owner of roads for general use, which, as we know, are not subject to privatization. It is also absolutely true, however, that the committee itself, even though it is not just very wise, but super-wise, cannot fully execute the role of a solicitous owner under the

brutal conditions of the market. It simply cannot handle all the roads—given Russia's colossal, multi-sectorial economy.

The State functions of managing Russia's road complex were transferred to the above-mentioned Federal Road Department. This department is not the owner, however. The department is only the middle-man between the State and the contractor. Moreover, the government of the Russian Federation has not entrusted it with the responsibility for the state of the road network.

In many civilized countries with a first-class, highly developed road network, the role of owner is delegated—on the basis of a long-term contract—to associations of road firms.

Let us take, for example, Italy, with its world renowned roads, taken as a concession by the Italstat Concern. Here the State does not burden itself with the worries of managing the road service at the level of the ministry or a specially created road department. The overwhelming majority of first-class highways is completely monopolized by the Italstat Concern. Its specialists design everything themselves, and are themselves the buyers and the general contractors. While in our country road operation is traditionally considered unprofitable, in Italstat, one lira invested in maintenance of the motor transport network brings three or four liras of revenue. Naturally, the Italstat specialists are very interested in further improvement of the already splendid roads, and in no way aspire to using their "monopoly" to the detriment of the country's road service.

The essence of the success of this world-renowned firm lies in creating a kilometer of road of standard quality. That is, a commodity which will be seized with both hands, as they say, on the market. Since federal roads in the direct sense are not sold even in "through-and-through" market countries, the concession holders obtain the profit from the high quality of the commodity here directly from the road users—from the owners of the motor transport. It is the closed, 100-percent cycle of all the work on building the motor vehicle roads that contributes to the utmost to attaining this quality, from surveying to laying the slab on the ideal strip of roadbed. The owners of a road know: the cheaper they build it, the more expenses they will save. The better the quality, the heavier the traffic, and again, the higher the profit from operation.

Naturally we cannot transfer the experience of the already classic concessions of the West today on a one-to-one principle, if only because we do not have toll roads. After all, it is the construction and operation of toll roads that are taken into the concession. These roads are also created on one condition: that a charge-free road runs parallel. The driver chooses one of them of his own free will. Either he goes "like the wind," with all the conveniences, along an ideally appointed route, or he bumps along the pot-holes of the charge-free road. As a rule, the costs of the latter variant considerably exceed

the fee to travel along the toll road. In the overwhelming number of cases, it is the reliable, comfortable road that the drivers choose.

Today it is mainly a question of creating the prerequisites for the transition to the classic pattern of concession. The necessary foundation, as I have already said, has been laid in setting up the road fund. The main task, however, lies in making it possible for the road organizations to reserve the money earned by the roads for these roads, so that they can multiply the capital formed.

One extremely important point must be emphasized in the Italstat example. When Italstat was just getting on its feet, the State allotted very substantial sums for development of the road network. Today, however, as the result of the concern's many years of fruitful activity, the State not only has excellent roads, but also a fair share of the profit from these roads.

The Rosavtodor Concern has outlined a similar path. We consider the first step in this direction to be the aforementioned contract between Goskomimushchestvo and our concern on operation and development of Russia's highway network. After transferring the functions of State road management to the Federal Department, the Russian government, in December 1991, placed a moratorium on this contract.

No matter how paradoxical, however, the Edict of the President of the Russian Federation "On Ensuring the Activity of a Unified System of Gas Supply for the Country" was issued. In particular, it instructs Goskomimushchestvo of the Russian Federation to conclude a contract with the State Gas Concern, Gazprom, on organizing economic management of a Unified System of Gas Supply for the country on condition that the corresponding federal property is transferred to complete economic jurisdiction of the State Gazprom Concern. Take note, this edict requires that a contract be concluded, but we, the road workers, have it in our hands. We already concluded it in 1991.

This edict completely entrusts such an important and vital artery of the country as the Unified System of Gas Supply to the State concern. Since the highways, like the gas pipelines, are also a continuous type of property, I will take the liberty of again emphasizing not only the rightfulness of the contract that our concern concluded with RSFSR Goskomimushchestvo on operating and developing Russia's highway network, but also of confirming the objective need for this contract.

The correctness of the road to the market, which the concern chose two years ago, is confirmed by the Edict of the President of the Russian Federation on Joint-Stockholding for State enterprises. This assurance is given, in particular, by the sixth item of this document, which unequivocally states: "It is recommended that the blocks of shares under their control be transferred, on a voluntary basis, to the Russian Federal Property Fund and the property funds of the republics included in the Russian Federation, the krais, oblasts, autonomous

oblasts, autonomous districts, cities and rayons, until the time of their sale in accordance with the plans for privatization of enterprises, to a board of trustees (trust) for physical and legal persons. "

The constant search by the road complex for an efficient pattern of market relations was reflected in this very important edict, the conclusions of which indicate that the property should above all have an owner.

We feel that Russia's road management system today is not adequate for the economic reform being carried out. An improvement in it above all lies in creating a structure of administrative bodies, the interrelations between which would be based on the principles of a market economy.

These transformations should be headed by the creation of an independent administrative body in the Russian Government, invested with not only the functions of State administration, but also of commercial activity. This body should own the entire network of state roads in accordance with a contract with Goskomnashchestvo of the Russian Federation, be answerable for its condition, should participate in the formation of a road fund and its distribution on the basis of the state of the motor vehicle roads, be accountable to the government and have the right of mutual action with the territorial bodies, on a legislative basis. The authorized representatives of the Rosatodor Concern were unanimously in favor of this statement of the problem recently, for example, at their meeting.

The Russian State Motor Vehicle Road Trust Companies, with holding rights, may be the most acceptable body to manage Russian Federation roads under the conditions of a market economy. It should be a State enterprise and should carry out its activity in accordance with the Russian Federation Law "On Enterprises and Entrepreneurial Activity."

The highly efficient activity of this body can be ensured by adhering to a number of fundamental conditions. The most important of these is the transfer by the government of the Russian Federation of the right to manage motor vehicle roads (without the right of ownership) to the motor vehicle road trust company.

The State Committee of the Russian Federation on State Property Management is concluding a contract with the company on organizing the economic management of the country's unified road network, on condition of its transfer to full economic jurisdiction (without the right of ownership). The Russian Federal Property Fund should transfer to the company the blocks of shares under its jurisdiction to a board of trustees (trust)—until the time that they are sold in accordance with the plans for privatization of the road enterprises.

An Administrative Council is to be set up to manage the activity of the trust company. The council will include the president of the trust company, the deputy ministers of Transport, Economics, Finances, Internal Affairs,

Defense, Agriculture and Foodstuffs and other concerned ministries and departments.

We also feel that it is necessary, in legislative procedure, to establish the fact that motor vehicle roads for general use, as well as the enterprises and organizations serving them, constitute a Unified Road System of the Russian Federation—after all, the drivers do not care on whose road "vochima" (landed property) they are driving. As tax payers, they primarily need a good road. They are also not at all interested in whose property this road is—federal, regional or mixed.

The official rise of Russia's roads to the rank of a Unified System will logically restate fairness with respect to this most important sector of the economy. After all, are all the rest of the sectors with a continuous type of ownership—communications, energy, railroad transport—indeed in the system of state management?

Returning to the role of the owner under the conditions of a market economy, I wish to emphasize once more that objective laws are important for the personal interest of each worker in the final results of labor. The people, oriented toward obtaining profit, will not permit money to be "buried" in the earth, nor a poor quality of road. In contrast to the builders who build a road for a competition and go away once and for all, the concession holders will be exactly those who are interested in the most efficient use of the capital from the road fund. They are also the ones who will operate this road. Obtaining profit is above all the objective law of a market economy.

Poor State of Road Construction Scored

9/14/10/16/40 Moscow IZVESTIYA in Russian 27 Nov 92 Morning Edition, p. 1

[Article by Feliks Guberman, designer, and Vsevolod Minayev, doctor of Technical Sciences "Russian Roads Are Breaking Down Because They Do Not Have a Sound Foundation"]

[Text] Russia has long suffered from the poor state of the roads. The average speed for motor transport here is only one third that of the industrially developed countries. Serious breakdowns in motor vehicle transport devices are more frequent, which in turn reduces their service life. The poor condition of the roads is one of the reasons for the devastation of the Russian rural areas.

The road institutes, with respect to the number of which "we are ahead of the entire planet," have always belonged to the road-building departments. Bearing this in mind, the former USSR [Gosstroy State Construction Committee], in 1989, commissioned an independent group of engineers and scientists to find, at last, the real reason for the poor durability of Russian roads.

The conclusion that formed as the result of many years of research was paradoxical, the aggregate of Russia's special soil-climatic features, which is unlike any other in

the world, is not taken into consideration in the technology adopted for construction, and does not correspond to the accepted equipment! It is for precisely this reason that 75 percent of the funds allotted for road construction have to be spent on repairing those built earlier.

The engineering essence of the situation is that the density of the soil bases of our roads is inadequate to resist buckling during freezing. With the beginning of the frost, the soil of the road base begins to draw in moisture from the underlying layers—right under the pavement and roadbed. In winter this leads to uneven buckling of the road, and in spring—to uneven sagging. The destruction of this type of road surface increases intensively due to the effect of motor vehicle wheels.

If the norms for density existing in road construction today are increased by 5-7 percent (at least the top layer of earthen roadbed), the pores and hollows in the soil where the moisture is sucked in, will mainly be eliminated. As a result, the surface, after building or capital repair of the roads, will not be destroyed by the decades.

The proposals of a group of independent experts met powerful resistance from the officials of the Russian Ministry of Transport who are responsible for the roads. After all, we are proposing two things completely within their power: raising the norm for the density of the earth foundation and introducing independent monitoring until the road surface is laid.

Yegor Gaydar has twice—in December 1991 and in March 1992—commissioned the Russian Federation Ministry of Transport to study the proposals of our independent group of scientists and engineers. After the second commission, the minister of Transport obliged the ministry's Department of Roads to hold an operations conference in April of this year on the proposals named. Something unexpected apparently happened there: in the debates on the scientific report of the group of independent experts, the representatives of four road institutes out of six supported those giving the reports. The decision of the conference never saw the light of day.

In many of Russia's oblasts, various construction organizations, including numerous cooperatives, are continuing to build and repair roads in the old way, knowingly dooming them to rapid destruction. Just what are the reasons that impel the owners (and the former road-building ministry has after all become not only the Federal Department of Roads, but has also gained the status of owner of the roads being built) to perform knowingly poor work?

Railway Performance Reviewed

934403644 Moscow GU DOK in Russian, 2 Nov 92 p 1

[Article by V. Chibisov, "How the Network Has Been Working: Results of the First Ten-Day Period"]

[Text] The holidays of the first ten-day period of November had their effect on transport work. The clientele was in a hurry to release the railcars. While during this same period in October, the daily average for the railroad network of the Russian Federation was 27,000 railcars left unloaded, this month their number approached 30,000.

The unloading was extremely slack on the October Railroad—1,089 cars a day failed to be released. We have repeatedly directed attention to the alarming situation with respect to processing rolling stock on the Kamyshatka Railroad. In no way can businesslike interrelations be set up here with the subcontractors, nor can their exactness be increased. Every day 1,800 cars remain unloaded here, and this is on a railroad which is comparatively small. Let us compare, on par with such as the Southeastern Railroad, the remainder is 1,000, and on the Kuzbass it is 1,500 cars.

The situation is complicated on the South Ural. The metallurgists are letting us down here. Some 1,828 railcars of the Magnitogorsk Metallurgy Combine are standing idle on the road, and of the Chelyabinsk and Orsk-Khanovskiy—respectively 528 and 362.

While on the railroads listed, the clients are mainly to blame for the poor processing of the rolling stock, this cannot be said of the West Siberian. It is distinguished by the sluggishness of the railroad workers themselves, and particularly of the traffic workers. In just one day—9 November—their failure to turn over 400 cars of local freight to the unloading sites.

As before, the situation is not normalized on the Far Eastern. The conditions are exacerbated for objective reasons—low temperatures and storms. Still, the main reason for the lagging behind with unloading is not the inclement weather, but the lack of maritime ships. In November, 2,400 cars a day remained unloaded. The situation with transshipment freight at Sakhalin and Kamchatka is particularly alarming. Some 1,365 cars with various products are waiting to be dispatched to the peninsulas, but scarcely 90 are released each day. And no wonder. After all, out of the nine ferries which should be shuttling on the Vanino-Kholmsk Port crossing, three are running at best, and sometimes only one. The rest are standing idle, either because of a lack of fuel or because the seamen are content to dispatch them with people taking excursions to Japan. As for the Sakhalin citizens, they are putting up with it—it is not the first time for them. Currencies can vanish elsewhere here, "grease skimmings" in the form of second-hand Japanese motor vehicles. We know what these very excursions to the Land of the Setting Sun are like. They can find fuel for these purposes.

Loading looks somewhat better, although even here the holiday mood has had its effect. On the whole for the network, during the ten days of November, the plan for dispatching railcars was fulfilled by 97 percent, and 99.4 percent of the specified volume of freight was shipped.

The delivery of grain is being considerably overfulfilled but the shipping of petroleum products and hard coal is lagging behind the norms, even though the main coal-loading roads (Kemerovo, Krasnoyarsk, BAM), except for the Northern, are coping with the assignment. The volume of cement exported is almost 78,600 tonnes less than was outlined.

If you judge by the indicators for transferring railcars, they are somewhat below the norm—respectively 99.6 and 96.8 percent for freight and empty rolling stock. We must bear in mind, however, the fact that since the beginning of the month, a reduction has been observed in transit freight (it is only 94 percent on the network), just as is, by the way, the entire volume presented for transport.

On the whole, the movement of railcar flows, with the exception of the Far East and the Transcaucasus region, has been carried out without delays.

Since the beginning of the month, there have been three freight consist wrecks: the Krasnoyarsk—faulty automatic brakes on a car, Kemerovo—the locomotive crew running through a route signal, and the Moscow—the opening of the manholes of one of the hopper-batcher cars. There have been several cases of rolling stock derailling on the Gorkiy, North Caucasus and certain other roads.

Railway Institutes' Structuring, Priorities Viewed

934403704 Moscow GUDOK in Russian 14 Nov 92 p 2

[Article by V. Pavlov, rector of the Petersburg Railroad Transport Engineers Institute (PIIT), acting member of the Russian Academy of Transport, Ye. Kraskovskiy, legal adviser of the Ministry of Railways, Honored Scientist and Technology Worker of the Russian Federation, and I. Prokudin, pro-vice-chancellor of the PIIT, corresponding member of the Russian Academy of Transport: "What Will the Higher Transport School Be Like?"]

[Text] The Russian Supreme Soviet has passed the Law of the Russian Federation on Education. It emphasizes the priority of the educational system and formulates the basic principles of both a general and vocational education at all the structural stages, including VUZes [higher educational institutions]. The Law stipulates the urgent development of a "Federal Program of Educational Development" which should specifically reflect the fundamental problems of the higher school that require solving both today and in the future.

The VUZes of the Ministry of Railways are continuing, based on their own potential, to graduate engineers, improve the qualifications of the scientific-technical personnel and train scientific-teaching personnel, although the Higher School of Railroad Transport, just as higher education as a whole, is going through an acute crisis at this time. What is the essence of this crisis and what path, guided by the new Law on Education, is in view to

surmount it and for the subsequent development of transport VUZes? We shall dwell only on the main questions.

State Priority

Throughout the civilized world, this social function is carried out by society, and for the governments of a number of countries it has become prestigious. It is not by chance that the first lines of edict number one of President B. Yeltsin were devoted to confirming the priority of education in the Russian Federation. In the edict, among other important measures, the government was commissioned "to implement a rise in the wages of the professorial teaching staff—beginning on 1 January 1992—that is double that of the level of the average wage in industry, establish stipends for the students—no lower than the minimum wage established by Russian legislation.

The main thing, however, is not simply to recognize the priority, but to put it into practice! Well then, reality attests: by September 1992, the average wage in industry and in railroad transport was over 7,000 rubles [R], and for institute professors—in the order of R4,000, and student stipends—R720. Naturally, under these conditions, impoverishment began to increase rapidly in the VUZes. The events of September-October of this year make this picture even more depressing.

In the summer of 1992, a major conference of the chairmen of the regional societies of VUZ Rectors of the Russian Federation was held in Petersburg. They made an appeal to the Supreme Soviet and the President, in which it was emphasized, with sincere pain and alarm, that the above-mentioned edict "was not being fulfilled by the country's government. The higher school found itself on the brink of social and economic catastrophe and complete degradation of its personnel potential." The progressive "dissipation of brains" abroad has become noticeable and dangerous for our society, as has the transition of talented young scientists to commercial structures—with a total lack of serious replacement.

The history of our Motherland abounds in striking examples of genuine concern for the priority of education. At the Petersburg Railroad Engineers Institute, founded in 1869, literally from the first days of its activity, paramount attention was paid to the fundamental nature of education. Eminent scientists were invited as teachers. A professor's salary in 1890 was R3,000 a year, and the yearly stipend was R300. Let us note for comparison that a three-course student meal was at that time 25-30 kopecks, a meat sandwich—10 kopecks, and with pressed caviar—20 kopecks. The tuition fee was R100 per semester, but the VUZ financing was mainly provided "from the till."

It is useful to recall a time that is even closer to ours. After the exhausting World War II ended, despite the country's colossal need for restoration, by 1946 the Soviet government had established a relatively high salary for the professorial-teaching staff at VUZes. For example, a professor, doctor of sciences, heading a

department who had over ten years teaching service received R6 000, and an assistant professor—R3 500 per month, which was three-fourths higher than the average rates of pay in industry and transport.

Speaking of the priority of education, *Pravda* reminds you of the simple but very important basic feature of any developing society, which is often forgotten in the unrestrained pursuit of instant material gain. Under normal conditions, the national wealth created by man continually grows in accordance with objective laws and still, as they say, remains for the people. As for knowledge, skill, culture and traditions, however, they are not transferred just like that, as the saying is: Each generation entering life, each person entering it, must know them independently and develop them, with the aid of its seniors. In this sense, the interest of the family and the national education system is invaluable, particularly that of the VUZes, centers of education, science and training of highly skilled specialists. The fact, for example, that generations of railway engineers have developed, with their own and creative labor, a vast network of lines, roads and subways, with their unique technology, equipment and have participated in various modern space programs causes a feeling of pride and gratitude.

In a word, the government of a country that cares about its people cannot help but realize that the country's per capita depends on the level of scientific and technological development. The graduates of the VUZes generate the latter. If this is so, the priorities of education should be manifested in the allocations and premises, but in no case should they be in this sphere.

Preparing Holders of Bachelor's Degrees: Merits and Shortcomings

In the 1980's, endless restructuring and innovations took place in the country's VUZes at the initiative of the government. They by no means always achieved the goals set or were not implemented at all, simply because the special features of a certain specialty, its scientific potential, traditions and obligations to the production were not taken into consideration.

In the past 180 years, the Petersburg Railway Engineers Institute has accumulated a vast experience in reforming the educational process. Changes were made in the structures, methodology and instruction periods (from 3 to 7 years), obligatory class attendance and monitoring the progress and educational level of the entrants. There was a time (1882-1890), when the institute accepted only persons with a university education and a specialty in mathematics. In the transformation that took place, however, the principal aim was always concentrated on the fundamental nature of a general engineering and vocational training on the basis of close ties with production. The scientists and students participated directly in the processes of planning

the design and operating the railroads. The style of life at the institute, its traditions and the introduction of the students to the treasures of national culture were of considerable importance in forming the intellectual nature of the graduates.

It was not so, however. To raise the quality of the training of the graduates, the Leningrad Institute, as far back as the 1920's, for the first time in the country's history, by VUZes, set up departments of applied psychology, technology and education and the theory of control and control and later on opened departments to train persons with the qualifications of the scientific and technical and of humanitarian studies. Beginning in 1924, a year-round student detachment of construction was successfully put to work on the Leningrad-Moscow line, Smolna, which gained the status of a year-round VUZ. Year-round detachments were created for other departments, which made it possible to set the pattern of the education work for the students in a new way, to make the target-oriented training of research engineers, which opened up, with an instruction period of 3-4 years.

As part of the domestic system of training railroad engineers, the institute has described the historical development of the pre-revolutionary and Soviet periods. Its main aim was to create a combination of fundamental general science and professional training in the sciences with transport production.

The 1980's, the period of the scientific communication and restructuring processes fell upon the country and on the higher school. On the initiative of the higher authorities of the higher school, a multi-level (stepped) training system was introduced into Russia's VUZes. Its main stages are:

The 1st level (beginning of the first stage)—acceptance into the VUZ on the basis of a secondary education and training for two years in general science disciplines (bachelor's certification), after which two ways of continuing education are possible: transition to the third level of education to obtain a higher education, or vocational training for one or one-and-a-half years, after which one could obtain diplomas for incomplete higher education with the attainment of the qualifications of junior engineers.

The 2d level (continuation and completion of the first stage)—higher education. It includes fundamental general education training and limited knowledge for vocational activity. The instruction period is at least four years. The graduates receive diplomas for higher education with enterral of the degree of Bachelor of Sciences (bachelor's certification).

The 3d level (second stage of higher education) provides for complete higher education. At this level, the graduates that have an established period of work service in production undergo thorough vocational training in the

elected specialty, oriented toward research or technological-engineering activity. The instruction period is two to three years. The graduates are conferred with the degree of Master of Sciences or the qualifications of a specialist holding a diploma.

On the whole, this stepped system of higher education is advanced. For example, it has as a definite merit the fact that the holder of the bachelor degree, who possesses broad fundamental knowledge and is not burdened by a narrow specialization, can relatively easily change the subsequent direction of his work. The individual elements of this system, in our opinion, however, require further development.

As was shown by discussion, at VUZes and inter-VUZ seminars and conferences, of the problems of practical introduction of the above system, many questions arose. For example, at a joint meeting of the Technical-Economic Council of the October Railroad and the Scientific Council of the Petersburg Institute, production workers were unanimous in their opinion that the railroad enterprises did not need graduates of a technical VUZ (holding a bachelor's degree) who did not have the proper vocational education and practical production experience. They immediately found themselves unemployed and filling up the lists of the labor exchanges.

Doubt was also expressed as to the need to train specialists with incomplete higher education (at the 1st level). A well-adjusted network of railroad *tekhnikums* is in operation in the transport sector, which, under the conditions of the transition to market relations, are even in a position to more than satisfy the demand for specialists of this level.

Our Proposals

The market trend in physical production and the new forms of commercial relations and their transport provision are advancing identical demands for vocational training for specialists and formation of their spiritual aspect. The content of these demands can be determined only by the united efforts of scientific VUZes and experienced transport experts. The VUZes are already experiencing ever-increasing difficulties in finding work for graduates, and competition for individual specialists is lessening. On the other hand, there is an appreciable increase in the interest of young people in economic-administrative specialties related to transport management. We see our task in taking everything valuable from our rich domestic heritage and carefully and sensibly making use of it under the new conditions.

The comprehensive variant of training specialists worked out at the institute and approved by the scientific council includes the basic ideas of the Russian Federation Law on Education, and also of the scientific-methodological research of the institute's collective. The essence of this variant is as follows.

The first stage—basic higher engineering education—is made up of a number of graduates of secondary schools,

high schools, secondary schools, *tekhnikums* and TsTU [central technical school]. The length of the instruction, depending on the labor-intensiveness of the specialty, can be from four to five years. After completing the complete course of the first stage, the classification of Engineer of Railways is received.

After completion of the second year, when the mainly fundamental general theoretical study is finished, the student undergoes a State Certification examination. Those who pass it successfully continue study in the third year, and the rest obtain a Certificate of Mastery of the discipline studied (incomplete higher education) and can continue instruction in accordance with programs of secondary technical education, transfer to another VUZ or have a job arranged for them.

After finishing study in the educational-vocational programs (which corresponds to completing the fourth year), the students have the right to take the State Examination for the degree of Bachelor of Sciences. Those who pass it receive diplomas and can continue study for the purpose of obtaining the Certificate of Engineer of Railways or start working. Students who have not taken or have not passed the State Examination for the Bachelor's Degree do not receive the corresponding document, but have the right to complete the instruction at the first stage and, after defending their diploma project in GfK [State Examination Committee], to receive a diploma as engineer.

In accordance with the Law on Education, graduates of secondary technical educational institutions have the right to obtain a basic higher engineering education in accordance with shortened programs. This right can be realized after two years of work in production, and also by "A" students—on recommendations from teaching councils.

The second stage of a higher engineering education is made up of engineers who have a bachelor's degree, after they work two years in production. For particularly outstanding graduates of the basic stage ("A" students) the period of production work can be reduced by decision of the GfK. Of those studying at the second stage, approximately 15-20 percent will be graduates of the first stage. They will study, for one-and-a-half to two years, intensified vocational programs with a scientific-research, administrative, economic-legal and scientific-teaching leaning. Graduates of this stage are conferred with the Certificate of Research Engineer, with the degree of Master of the corresponding sciences or Diploma-Holding Engineer (highest category).

The target-training for engineers in railway research (TsIPS), with an instruction period extended to up to six years, which is already in operation at the institute, is of particular interest. Talented young people are selected for these groups long before acceptance to the institute. The educational process, beginning with the first year, is built on the basis of continuous intensified study of the

humanitarian, general science, engineering and vocational cycles, including special courses using new equipment, technology, management and marketing. After completion of the first year of the basic stage and the TsIPS, their certification and rotation is provided for, to stimulate the students striving for knowledge. Graduates of the groups of target research training are conferred with the Certificate of "Engineer of Railways—Researcher with the Degree of Master."

Post-VUZ scientific education can be continued in the post-graduate and doctoral program existing at the institute.

Recruitment for the first year of the basic stage of engineering education is also implemented for the TsIPS groups through the Department of Pre-VUZ Training. For this purpose, the Institute and the October Railroad also have in operation a Technical High School, a Physics-Mathematics Correspondence School, a "Young Railroad Worker" Division, preparatory courses and other school subdivisions.

Special Features of "Getting Used To" a Market Economy

As has already been noted, training specialists at VUZes requires priority budget financing—regardless of the "current" commercial or other market conditions—and also the allotment of certain funds from the railroads and enterprises.

The new Russian Federation Law on Education reflected the existing procedure for financing VUZes. This means that the first stage of higher education is financed from the country's budget, on the basis of the number of specialists being trained and the established norms for expenditures. The second stage, however, should be financed by both the state and the purchasing enterprises.

The Collegium of the Ministry of Railways recently passed a resolution, very important for the VUZes, on setting up a special fund in the amount of 0.3 percent of the revenue from railroad operations to support the transport VUZes. This inspires faith in the future.

The Law on Education sets up broad possibilities for the VUZes to fulfill additional scientific, educational-methodological and other work with the railroads, enterprises and organizations, on contractual, mutually profitable principles. This, for example, is the training, retraining and skill improvement of engineering-technical personnel, particularly with respect to new equipment and technology, management and marketing in transport service, financial and other specific problems of today. The first results on this plane are already at hand.

Under the conditions of market relations, the main purpose of any production activity is to obtain maximum profits. We know that in the pre-revolutionary days, private railroads obtained profit from ancillary

(commercial) activity, which was commensurate with the profit from transport. From this it follows that, with the transition to the market, the railroads are very interested in teaching their associates this new work, not in their specialty. The VUZ, of course, can and should organize and carry out this instruction on a contractual basis.

Unfortunately, neither our nor other transport VUZes are clear enough on what to do and how to do it on a contractual commercial basis, in order to form an additional fund for wages and other social needs. Meanwhile, any attempts to draw the VUZes into commercial activity that is not in their nature and wild market relations threaten serious devaluation of the higher school and destruction of the moral bases of education.

The Petersburg Institute has trained railroad engineers in various social formations, but has never fallen into such a contradictory situation as today. It used to be that when there was a shortage of state funds, a token fee for education would be established. Thus, perhaps, even now, for a limited time, a fee could be introduced for education, with the institute granted the right, when necessary, to relieve individual students of it?

Recently, on the initiative of the PIIT and the October Railroad, in consideration of the experience of preceding years, a Regional Board of Guardians of the Institute was set up. It included the directors of a number of railroads and enterprises where our graduates are working. The possibilities of the Council and its Guardian Fund can and should be used to support and develop the institute.

Under the present conditions, it would be timely to intensify the coordinating role of the administrative bodies of the Ministry of Railways VUZes. Many of them have already passed state certification, and accreditation and the solution to the problem of the transition to the order of an academy or technical university is forthcoming. Under these circumstances, major questions and problems are arising which require immediate collective discussion and solution.

Rail Collegium on Personnel, Economic Issues

934A0387, Moscow, GUDOK in Russian, 20 Nov 92, p. 2

[Article by N. Davydov, "Return Prestige to the Profession: From a Meeting of the Collegium of the Ministry of Railways"]

[Text] It is never easy to be a transport commander, but today it is more difficult for him than ever before. The chaos in the economy has so complicated the work of the railroad workers that disruptions in transport are becoming a customary phenomenon. It is not surprising that this topic is coming up with increasing frequency at the collegium, in particular, even at the reappointment of the directors of the Far Eastern, Kuybyshev and Northern railroads.

This time, particularly serious claims were made against the Far Eastern railroad workers. The problem of removing defective railcars from the mainline has the whole network in a fever. Over half of all the technological violations recorded on the network are here. In some periods, one-third of the locomotive fleet is idle, "for removal," and over 200 trains have been abandoned because of nonacceptance of freight at the ports. Over 900 railcars have been damaged at the stations of the Khabarovsk Division since the beginning of the year. As A. Ya. Sidenko, chief of the Main Transport Administration, noted, all the railroads in China damage fewer railcars than the Khabarovsk Station alone.

This means that every director of the Far Eastern had to listen to quite a few reproofs. Even though they were all ultimately approved, the proviso was repeatedly heard that unless the situation begins to be put right, the resolution passed may be revised. M. M. Zaychenko, chief of the Khabarovsk Division, was warned about this prospect in particular.

Unfortunately, given the present breakdown of economic relations, both within Russia and with near and far relations abroad, when planning transport for many types of freight is virtually unrealizable, the railroad workers increasingly often find themselves in the role of "scapegoats." Freight without licenses and declarations, sometimes with the owner or destination unknown, is discovered in many regions of the former Union, the detained railcars are turned into warehouses on wheels, and transport suffers irreplaceable losses. In September-October, Russian railroads again suffered a shortfall of a considerable part of the planned revenues. After all, these funds are, oh so necessary, to replace obsolete rolling stock, restructure the production base and transport enterprises and, finally, to finance scientific research, and maintain and develop the system of higher education on railroad transport and, in particular, to carry out the plan for development of the MIIT [Moscow Railroad Transport Engineers Institute], which was discussed at this same collegium.

From the reports given by V. G. Inozemtsev, rector of MIIT, and Ye. M. Proshenkov, chief of the Personnel and Educational Institutions Main Administration, it was not hard to conclude that the sector's leading VUZ [higher educational institution] is also going through hard times. True, no thorough analysis was made of the quality of the training of specialists for transport, but this was probably not the main purpose: the former services of the VUZ are well known. Even during the very excellent indicators of the educational and scientific work of the institute in the last three or four years, however, very alarming symptoms were creeping in.

Since 1985, a reduction of the sector's need for personnel has been observed. At first, this was proclaimed by the Belorussian experiment, and later on—by the drop in the transport volume. MIIT, just as, incidentally, other transport VUZes, is continuing to train the former number of specialists. It is not surprising that a good half

of them, protected by their diplomas, are seeking work in other sectors, in commercial structures. That is, the VUZ, financed not only from state budgetary funds, but also through railroad profits, is a "kennel" for death.

N. V. Antipov, deputy chief for Personnel of the Moscow Railroad, was apparently right to suggest that members of the collegium think about the question: is it necessary for the transport VUZes to train such a large number of engineers right now? Each one costs more and more, and their knowledge is not always used for that purpose. He suggested making a careful analysis of the authorized duty positions and drawing the necessary conclusions.

No less alarming is the tendency, much less often than before, for graduates of railroad schools to enter MIIT and other transport VUZes. This indicates not only a loss of tradition, but also a drop in the prestige of the profession. This is precisely the way that V. D. Puzankovo, chairman of the Trade Union of MIIT Associates, characterized the situation that has now formed. Together with the wasting of trained specialists, this in many ways explains why the roads have recently accepted about 3,000 people for engineering positions who do not have actual engineering training.

The participants in the collegium expressed serious concern about the fact that, for a number of the leading occupations—in particular, railroad-specialists—MIIT is training personnel only for the Moscow Railroad, even though the Northern, Gorkiy and a number of others are hungry for these engineers. Indeed, in general, because of the radical changes taking place in society, the institute's collective should take a critical look at the instruction process, introduce qualitative changes in the content and methods of preparing specialists and expand and improve scientific research and design activity.

As was also noted in the reports, and in some of the speeches, however, the institute's educational and scientific base is no longer adequate for a successful solution to these problems. I have in mind, for example, the heavy pedagogical load of the professors and teachers, in particular, because of the fact that every tenth place—is vacant. The low level of wages does not attract people, but on the contrary, frightens them off. There are more and more cases of prospective assistant professors and teachers going off to commercial structures. S. I. Chernov, chairman of the Trade Union of Students, gave a characteristic illustration of this: "What worries us most today is how to survive." Many people are solving the dilemma: whether to get a good education or seek ways to earn their daily bread. It is no good, when hungry students listen to poverty-stricken teachers."

The Russian Federation's Law on Education has established that the average wage of the professorial-teaching staff at a VUZ should be double that of the average wage in industry. This principle has not been carried out so far, however. Indeed, business in science is impossible without the initial capital. This means, the MIIT directors think that a fund must be set up for fundamental

Railway Coal Deliveries Highlighted*93440398A Moscow GUDOK in Russian 20 Nov 92 p 1*

[Article by Nikolay Domozhirov: "On the Coal Routes"]

[Text] Kemerovo—During a recent selective meeting, G. Fadeyev, Russia's minister of railways, gave the Kemerovo Railroad workers credit for having begun to transport coal when it was submitted. Of course, Gennadiy Matveyevich knows that the dispatch of fuel upon submittal is being done with a significant reduction in mining in the Kuzbass and that is why he justifiably demanded that attention toward qualitative indicators be strengthened in the work.

The minister's comment is not a timely one only for the Kemerovo. With the sharp drop in industrial production, many railroads are shipping basic national economic freight upon submittal regardless of the substantial costs when doing this. They are measured in tens and hundreds of millions of rubles.

However, let us return to the Kemerovo mainline which has extremely conflicting indicators. Whereas the underloading of coal due to the fault of the mines and opencast collieries reached 3.5 million tonnes (approximately 82,000 gondola cars) during the first 10 months, it was 1.7 million (25,000) due to its own fault. The direct refusal account is also measured in the thousands. The comparison is not in favor of the clients but even in this situation the railroad has lost 4.165 million rubles from counter-fines. It is all the more annoying that the total shipping plan for the reporting period (considering the repeated adjustments at the miners' initiative in a downward direction) was exceeded by 576,000 tonnes.

I inquired of V. Kolmogorov, first deputy chief of the railroad: "Are these losses through our own fault inevitable?"

Vladimir Gennadyevich said: "The question is a complicated one. I think that our omissions in the local areas are primarily having an effect. Otherwise, how can one explain that the Novokuznetsk Division is managing to wreck the schedule for supplying empties even when it has a surplus of them. True, the railroad workers there are working under difficult conditions."

A. Polovoy, chief of the Novokuznetsk Division, does not deny his errors. At the same time, he complains about obstacles from a different place.

"In spite of instructions from branch headquarters categorically banning the transfer of 'sick' and clogged railcars from railroad to railroad in accordance with an empties disposition list, both the one and the other continue to come to us in massive amounts. It is necessary to send up to 600 railcars a day for repairs and cleaning! One thing is fixed for us on paper but, in fact, it is something entirely different that does not permit the clients' requirements to be satisfied in a timely manner. Since the beginning of the year, we have paid more than 4 million rubles in fines for this. Although subcontractors have contributed 24.146

million rubles to our cash fund, this is not solving the problem. Worse than that, the city's administration has fined the division 2.5 million rubles for cleaning rolling stock—in fact, punishing the victims!"

The division director sees the way out of the critical situation as lying in the setting-up of a control point to examine rolling stock at the Artyshta-2 station where the Novokuznetsk and Altay divisions join. According to A. Polovoy's conviction, such "filter" would force the West Siberian Railroad's leadership to change its attitude toward empties supplied to its neighbors because the measures stipulated by the contract would not snap into action.

The fact that coal stocks in storage areas were reduced for the first time to the accepted standard—a little over 5 million tonnes—was something new in the joint activity of the railroad workers and miners. It was even shipped from those places where it was always in abundance—from the Novokuznetsk Division's Yerunakovsky and Kivzakiy junction. Today, none of the miners are pounding the bell as was done previously: "Provide railcars quickly—things are going swimmingly with the coal!" A concern of another type has appeared—what should be shipped so that the railcars will earn money?

You see, the mining of coal has been reduced by 41 million tonnes since 1988 and is continuing to fall swiftly.

M. Gnusin, the oblast administration's chief specialist who has a great deal of work experience in the coal industry system, shared his thoughts: "We have reverted to the 1971 level. The present mining of coal anticipates about 118 million tonnes instead of the 158 million tonnes mined three years ago. This is equivalent to the loss of six mines like the Rapsadskaya—the largest in the Commonwealth countries."

Mikhail Fedorovich continued: "Generally speaking, we are working poorly and will work even worse. Why? First, coal users are not prepaying and are not hurrying to settle accounts for what has been received. This is robbing us of the opportunity to acquire mechanized sets, spare parts for them and other mining equipment which has increased so incredibly in price. Since the beginning of the year, the basin's miners have been able to purchase only eight sets; during the time of 'stagnation,' we acquired up to ... 60 of them a year! The second reason for the drop in mining is that deliveries of spare units and items for Polish sets and German equipment have been halted. Everything must be paid for in hard currency but it has been 'frozen' in Russia's Bank for Foreign Economic Relations."

The person, with whom I was speaking, also cited other cases describing the disintegration of the branch in the region. During the last three years—since the start of the massive miners' strikes—capital investments in production construction have been reduced from 290 to 120 million rubles (in 1991 prices). You see, 70 percent of the mine funds are already needed for urgent reconstruction.

M. Gnusin summarized: "If the government does not pay attention to the branch, capacities for 51.7 million tonnes of coal will go out of operation by the year 2010 and reserves at 20 mines employing 35,000 people will be completely exhausted. In view of this, the coordination of efforts and a sound investment policy are required as never before. Instead of this, however, a complete lack of management over the coal mining process in the basin, disconnection, and a detachment from state interests exist. It's as if the mines have been farmed out to their directors, whom no one holds responsible. Moreover, with the premarket elements, they are forced to engage in what pleases them, only not mining. The supplying of workers with food and the maintenance of public catering and children's establishments alone cost what? It is necessary to engage in bartering and other types of commerce."

It is impossible to listen to this confession of a realistic person, who knows the sense of the economy, without shuddering. In it, there is pain, alarm and confusion caused by the ignorance of ways to get out of the unprecedented crisis. Such is the public perception of the rosy projections that the "democrats" are "feeding" to the people.

The fate of the Pit imeni 7 November in the Leninsk-Kuznetskiy Mine, where M. Gnusin worked one time as chief engineer, can serve as confirmation of this alarm being expressed. Mining during the best of years almost 3 million tonnes of coal each year with a cost of almost five rubles, which was cheaper than using the open-pit method, it has now lost almost half of its capacity. In answer to the question of what is happening to the former pacesetter, I. Mazko, the director, made a helpless gesture:

"It could be otherwise. At one time, they armed us with excellent Polish Pioma sets. Each of them produced more than a million tonnes of coal a year from a coal-face. After the Union's break-up and the destruction of the former integration ties, deliveries of spare parts for them were completely halted. Naturally, a high accident rate befell us."

I asked: "How did the Ugol Rossii Corporation react to this?"

"We have still not become aware that it is concerned."

"Have they attempted to solve the question directly with the Polish machine builders?"

"Only we are engaged in this. When I was in Poland, I discovered a surprising thing. It turns out that our foreign partners are ready to sell us for hard currency literally everything necessary when we first request it. All the warehouses and shops there are inundated with sets and their production is being paralyzed. However, the Russian banking structures are patching their financial 'holes' with our hard currency."

"However, all the mechanized coal-faces could come to a halt with such an 'apportionment'!"

"So that this will not happen, we are trying to 'transplant' the more accessible and comparatively cheaper Chinese sets that are sold for rubles."

In the Belovskiy Mine's Zapadnaya Pit where the mining equipment problem is no less acute, they have chosen a different way to survive—a particularly mercantile one. Having lost a third of the miners' labor productivity and more than 50,000 tonnes of mined coal in comparison with last year, the leadership began to increase the number of workers and raise their wages. This "strategy" will undermine the enterprise's economy even more and lead it into bankruptcy. How could I not have a talk with N. Litvinenko, the young director?

Nikolay Grigoryevich stated: "I am guided by the prices in stores so that the workers do not suffer from inflation."

"You see, however, this is a blind-alley!"

The comment remained without any persuasive reply.

Collective actions could ameliorate the serious situation; however, we are tearing apart the Kuznetskiy Basin using the contradictions of separatism. At a time when the majority of specialists are in favor of establishing a single coordinating center in the region—the Ugol Kuzbassa Company—the miners in the southern mines have just set up their own Kuznetsk-Ugol Joint-Stock Company. In the opinion of V. Romanov, former chief of the Kuzbassugol Combine and Hero of Socialist Labor, under whom coal mining doubled thanks to the single planned economy and centralized direction of the coal mining process, the southerners' separatism will cost production dearly. The contradictions in the protracted controversy are so sharp that they are being discussed at the governmental level with the participation of representatives from the local authorities. However, this subject requires a separate examination about which we will tell our readers in one of our issues in the near future.

Against this background, the many "dislocated parts" of the Kemerovo Railroad workers do not seem to be something that is isolated and that has arisen on its own basis. In a complicated industrial and transport complex, the partners, just like mountain climbers, are firmly tied together by common technologies and economics. If one falls, the others fall after him. The duration and depth of this distinctive "free-fall" will depend on political stability. Will Russia's coming Seventh Congress of People's Deputies influence this? I would hope so.

Passenger Railcar Development Program Outlined 934.404034 Moscow GUDOK in Russian 24 Nov 92 p 2

[Article by L. Kizilova: "Priority to the Domestic Railcar"]

[Text] One can say without exaggeration that a turning-point has been reached in the history of domestic railcar building. If the government adopts the State Program for

Expanding Russian Enterprises in Order to Increase the Output of Passenger Railcars, whose draft a session of the Russian Federation's Ministry of Railways Collegium examined on 18 November, this will mean a fundamental policy change in this area: domestic railcar building will receive priority for the first time in many decades

All of us passengers know from personal experience the rolling stock's disastrous state. Specialists, naturally, can talk about this much more. They know the sad statistics, reasons, interconnections.... Almost every speaker at the Collegium's session began with a description of the serious situation in which Russia's railcar pool finds itself.

V. Shatayev, chief of the Passenger Main Administration, convincingly showed that the interests of millions of passengers are directly connected with the pool's condition and that it is these interests that are forcing the Ministry of Railways and the Tverskoye Production Association for Railcar Building to submit a draft of a state program to the government for review.

More than 3,000 railcars in the existing operating pool are due to be immediately eliminated based on their service life. Their number will grow to 9,000 by the year 2000. What are the sources for replenishing the railcar pool?

The Tverskoye Production Association is the only enterprise in Russia producing passenger railcars. Its annual output is 1,240 railcars with a Ministry of Railways requirement for 2,200 a year. For decades, the supplying of an insufficient number was made up by deliveries from Germany (now, 1,307 railcars a year). The German concern's plants were our traditional partners until the unification of Germany and remain such still. However, whereas settlements with the CEMA countries were previously carried out in foreign exchange rubles, one must now lay out sound hard currency—the German mark—for the foreign railcars. The mark, today, goes for 250 rubles. The purchase of one German railcar (excluding credit) costs us 2 million marks or, correspondingly, 500 million rubles. Compare this with the price of our own, the Tver, railcar—7.3 million rubles.

Meeting with journalists on the eve of the Collegium's session, A. Burayev, the Tverskoye Production Association's director, firmly declared that a railcar would not cost more than 20 million rubles today even if its modernization required more expensive materials and component parts.

It is planned to purchase 600 German railcars during 1993. This will cost 300 billion rubles (calculated at today's exchange rate). A fundamentally important question arises: Would it not be wise to invest these assets in expanding our own railcar-building industry?

The question is not a new one—clear thinking people have posed it repeatedly. At the time, however, it sounded as if it were a purely rhetorical one. The policy was different: The socialist countries, our CEMA

brothers, provided a market for sales—even to the detriment of the interests of expanding domestic railcar building. An "overfilling" of work positions and technology occurred; the task of building a competitive railcar model was not posed—either to production or to branch science. V. Shatayev cited the following fact in his report: The Tver plant did not receive practically a kopeck of state investments for 20 years.

Is it not time to end this dependence on the West? Both the political and economic situations in Europe and Russia have changed. The priorities in our domestic economy require review. The majority of the speakers during the session came out in favor of such an approach. G. Fadeyev, Russia's minister of railways, said that it is time to give up reliance on the West. A. Lisitsyn, VNIIZhT [All-Union Railroad Transport Scientific Research Institute] director, is convinced that, with regard to such a bulky and cumbersome thing as Russia's rail transport, one must rely only on oneself.

Is it possible for Russia to rely on itself? Can our plants produce as many railcars as are required to transport passengers—2,200 a year? A. Burayev, the Tverskoye Production Association director, touched upon this question in his report: he answered it affirmatively. This is what the proposed program is envisioning: a gradual reduction in purchases from Germany and the building up of production in Russia's plants to completely satisfy the railroad's requirements for locomotive traction passenger railcars by 1996 and the abandoning of their importation.

It remains to convince everyone (mainly, the government) that this program is feasible and that it is by no means a Don Quixotism, to use the expression of Deputy Minister A. Kondratenko.

So, what is in favor of the program's lines? First, what is the level of our railcars? A. Burayev said during the above-mentioned press conference that our railcar is no worse than a German one today. Moreover, it exceeds it in a number of parameters: reliability and the smoothness of the bogies' travel. The only way in which it is inferior is in the design and styling. There are still not enough inexpensive and beautiful materials. In his report to the Collegium, Aleksandr Aleksandrovich added that the unsolved question of fire-resistant veneers still remains. However, these particular tasks are not unsolvable today.

Second, where can one get the production capacities to produce the sacred figure of 2,200? The draft of the program provides for this also. Through technical re-equipping, the Tver plant's capacities will be increased to 1,300 railcars a year. The Tverskiy Machine Building Plant (the former small quantity production building) will be converted to produce 400 passenger cars a year. The setting-up of passenger railcar production at the Progress Samarskiy Plant and the Moscow Railcar Repair Plant imeni Voytovich is being proposed. More than 20 of Russia's plants are being enlisted as main

suppliers for the delivery of component equipment. Almost all the plants have concurred with the proposed program.

In his report, A. Burayev emphasized that the expansion of railcar production in Russia's plants will permit not only Ministry of Railways requirements to be completely satisfied but also the significant hard currency assets, which we are spending on purchases abroad, to be saved. The total amount of expenditures required to implement the proposed state program will be 6.834 billion rubles. Let us remember that 300 billion are required for purchases abroad during 1993 alone!

In general, there were no doubts that the Collegium would approve the draft of the program. The draft was, indeed, approved after considering a number of comments. What ones? For example, is it necessary to supplement the program with statutes on expanding the repair base? Minister G. Fadeyev and Deputy Minister K. Salatov think not—it is not necessary to "increase the weight of the program."

Is it necessary for the CIS states to participate in the program's implementation? Gennadiy Matveyevich is convinced that Russia has enough assets and forces to manage on its own.

K. Salatov made a substantive comment: The enterprises working on the program should receive preferential tax treatment.

V. Pryadko, chief of the financial administration, thinks that it is necessary to exclude from the program's text such expressions as "ask," "recommend," etc. In passing, he expressed a critical comment addressed to Russia's Ministry of the Economy and Ministry of Finance (their representatives were at the session) in connection with the fact that the Ministry of Railways was shorted 6 billion in assets that were promised in Decree No 411 of the government.

It is appropriate here to remember that the Ministry of Railways is not capable today of settling accounts on time even for the railcars that are being produced in Tver. The monthly program's railcars, which the customer has not paid for, have piled up at the plant. How can the plant operate? Until recently, Russia's government did not—to put it mildly—ponder very much over this question. When A. Burayev reported in February to A. Nechayev, the minister of the economy, that the customer was not paying for the plant's products, the minister replied approximately as follows: "Well, since there is no money, do not make railcars."

Today, let us hope, the government has become imbued with the problems of passenger transport (a number of legislative acts adopted during the second half of the year convinces one of this). That is why one would like to believe that the ideas put into the program will encounter understanding and support from the government. The question, which the Ministry of Railways Collegium examined as the main one, not only came to a

head long ago but also became "over-ripe," using the expression of Minister G. Fadeyev. The time has come to solve it. The time has come to move from talking about Russia's rebirth to action.

A breakdown in petroleum product deliveries occurred during the first 10 days of November: the plan was not fulfilled by 316,000 tonnes. The collegium examined this question very strictly. V. Zakharenko, deputy chief of the Transport Main Administration, presented a report.

In comparison with last year, the tank car pool has been sharply reduced (by 40,000 railcars) and deliveries of new tank cars was halted in September 1991. Even with this, the existing pool is being used irrationally. Violations of technological discipline, unsatisfactory organization of unloading and the collection of tank cars after unloading, their forming into express hauls, and the reduction of petroleum product shipments using express hauls are slowing down tank-car turnover and movement.

The Collegium admitted that the work to ship petroleum products during the first 10 days of November was unsatisfactory. Penalties were imposed on the guilty parties and steps have been outlined to correct the situation.

REGIONAL AFFAIRS

Conference on 'Federation Treaty, Interethnic Integration' Analyzed

934C0461A Moscow ROSSIYSKAYA GAZETA
in Russian 25 Nov 92 p 2

[Article by special correspondents Olga Kondratyeva and Pavel Anokhin: "In Order To Silence the Guns, Dialogue Is Needed"]

[Text] From 19 through 22 Moscow was the scene of the third conference on scientific practice, entitled "The Federation Treaty and the Interethnic Integration of Russia," which was organized by the movement "Joint Creativity of Peoples on Behalf of Life (Senezhskiy Forum)."

The area that became, as it were, the canvas for the operation of all the sections, seminars, and round tables at the conference was the discussion of the problems of implementing the Federation Treaty.

Under conditions when there occurred in the mass consciousness a shifting of national sovereignty from state sovereignty and society is in the throes of an economic and ideological crisis, according to the forum members it is necessary to work out a precise concept of the national policy of the Russian Federation with respect to each region specifically, while guaranteeing the legislative and state support of its programs.

The so-called "Russian question" evoked sharp polemics at the conference. Until recently, the official ideological and, in part, scientific interpretation of the place of Russians in the former USSR came down to the concept of the solicitous "older brother" in a happy family of Soviet nations. The current evaluation of the role of Russians frequently proves to be directly opposite. The conference participants emphasized the anti-Russian direction taken by the Leninist-Stalinist national policy.

Russians constitute four-fifths of the population of the Russian Federation. Nevertheless this is practically the only nation that has not developed a moment for the creation of its own national state; a nation that reaps in full measure the fruits of the worsening of the social conditions during the period of the changeover to a market economy, which forms in Russians the conviction that the democratic processes are worsening their position as a sociodemographic community.

The "Russian question" also occupies what is definitely not the last place in the relations that Russia has with the CIS countries and with the Baltic states. Because we are talking about the fate of no less than 25 million people, Russia must also assume definite pledges with respect to the Russian and Russian-speaking population on the territory of the former union republics. The question of dual citizenship continues to be unresolved. Only 1.5-2 percent of the Russian population know the language of the state where they live. There arises the problem of creating economic conditions for the survival of the Russian Diaspora. It is impossible to resolve all these questions without state intervention.

The conference participants concluded: only politicians who think unrealistically can count on the carrying out of radical economic reforms and the creation of a law-governed democratic state if the physical and spiritual degradation of the Russian ethnic group continues to grow.

Interethnic consolidation can begin only after the cessation of interethnic conflicts. It is precisely for this reason that the analysis of the causes of those conflicts and the search for practical ways to move away from the interethnic enmity have become a recurrent theme at the conference. As Professor Eduard Skakunov, an associate at the Center for Conflictology, stated, "The basic cause of our interethnic conflicts is the break between social values and the development of social structures, which reflects the state of Russian society with its totalitarian socioculture."

The conference participants devoted special attention in this regard to the Northern Caucasus, and particularly the situation in Northern Osetia and Ingushetia, where the armed conflict threatens to develop into a Caucasian war. To avoid that calamity, the draft of a concept for Russia's national policy in the Northern Caucasus has been developed and analyzed. Conflictologists from a peace-making mission of the British religious movement of Quakers, Rosewitha and Peter Jarman, conducted a

business-like game that can be called arbitrarily "How to Reconcile the Osetians and the Ingush."

It is still too early to judge what these efforts will produce, and whether they will silence the guns. But one thing is clear—the movement "Joint Creativity of Peoples on Behalf of Life" has defined not only its own goals, but also its program and operational tactics, and its positions in interethnic consolidation. Attempting to unite in its movement the centrist forces, the members of the Senezhskiy Forum are ready to enter into a dialogue, into a discussion with any of their opponents on behalf of the peace and well-being of the Russian Homeland.

Cossacks Call for Unity

934C0485A Moscow NEZAVISIMAYA GAZETA
in Russian 1 Dec 92 p 8

[Article from KAUNASSKIY VESTNIK: "Cossacks of All Countries, Unite!"]

[Text] Esteemed Cossack brothers! You see how the sacred Cossack movement is being revived.

Cossack troops are uniting from the Far East to the Dniester region.

Only here in the northwest and in the region of the Visla [Privislinskiy Kray] are things quiet.

But the 14th Pridnestrovskaya Troop ought to be united with the Panemunskaya, Pridaugavskaya, and Privislinskaya troops.

This needs to be done immediately to protect the rights of local Cossacks in these provinces [guberniyas]. It is necessary to make sure that even the little Cossack feels that he is a member of a large Cossack troop and is in charge of the province.

If this does not happen, there will be no protection of human rights and democracy and persons of various heterodox groups will wrong the Cossacks.

It is too bad that the old leadership acted stupidly and agreed to withdraw Cossacks from the Oder region. For this reason, it is necessary to defend the theaters of operations in Privisiye, Panemun, and Pridaugavye. These are key provinces and, to improve human rights in these provinces, I propose that beginning in 1992 the rules of the declaration of human rights saying that the individual has the right to choose his place of residence must be in effect. As in the Amazon and Rhine provinces, etc.

To guarantee human rights in the province, Cossacks must be given the possibility to move by all possible means of transportation.

Today the Cossacks have the following means of transportation: trotters, donkeys, deer, oxen, mustangs,

"VAS," "KRAZ," "MAZ," "Mercedes," "Ford," T-34, T-72, T-81, armored personnel carriers, infantry fighting vehicles, and others.

In all provinces where even one Cossack lives, human rights must be observed and the above-indicated means of transportation used.

But how can one distinguish a Cossack from persons in heterodox groups?

Here are the characteristic features of Cossacks: they are distinguished by their clothing and attributes. In the near future, the attributes will be changed.

The five-pointed red star with a sickle and hammer will be replaced by a five-headed eagle with the two letters "A" and "N" in its talons. The eagle is soaring over the globe.

Cossack clothing is a uniform with shoulder straps. Light weapons are an integral part of Cossack dress.

Here are the elements of Cossack arms: "saber," "Nagan" revolver, "Maksim" machine gun, "Kalashnikov," and "Iemom" [hand grenade].

The Cossacks are granted the possibility to move around everywhere in their national costumes. The failure to observe such a right is a violation of human rights.

Dear Cossacks, be inspired by the deed of Yermak. Follow his example and move to the west and south and to all river regions.

Only leave the northern rivers alone. They are reserved for other purposes.

Thus, Cossacks of all countries of the CIS, unite!

Your devoted to Cossack interests chieftain Vladimir Vladimirovich Miraladikov.

Implications of Yeltsin Decree on Cossacks Analyzed

934C0477B Moscow NEZAVISIMAYA GAZETA
in Russian 20 Nov 92 p 3

[Article by L. Minasyan: "Order To Be Introduced at the Hands of Atamans [Cossack Chieftains]: Work Group Headed by Yuriy Skokoviy Prepares Draft Presidential Edict Concerning Cossacks"]

[Text] The Russian president's June edict "On Measures for Realizing the RF [Russian Federation] Law 'On the Rehabilitation of Repressed Peoples' with Respect to the Cossacks," was the first declaration concerning the intentions of the federal government to give legitimacy to the existing Cossack movement. The program for Cossack restoration, for which the Cossacks had sought approval from the government, had three components: a military service, self-management, and land use. The Goskomnats [State Committee on Nationalities] was designated as the coordinator of the latter. Although the

positions contained within Yeltsin's edict were somewhat of a compromise between the interests of the Cossack leadership and stanitsa Cossacks, (the latter feared more than anything that Cossack communities would be transformed into something like kolkhoz reservations), the authorities nevertheless prudently hastened to place the Cossacks under their guardianship. This was caused in no small part "thanks" to events in the Dniester region, where elected atamans demonstrated that the forces under their authority were getting out of control and were beginning to act independently.

In Yeltsin's June edict not one word was said about either the Russian Union of Cossacks, or the Union of Cossack Troops becoming the dominant body over the Cossacks. Self-management came down from above; the Cossacks were given the right to introduce an ataman board in their stanitsas in place of local Soviets. The Unions, however, kept their status as social organizations with no authoritative power whatsoever.

However, in the opinion of a member of the RAN [Russian Academy of Sciences] expert council on Cossacks, Georgiya Kokunko, the Russian Union of Cossacks, headed by Martynov, famous for his leftist patriotic views, was not satisfied with the orientation of the president's edict. In October this year, a work group was created to study the Cossacks. The group was headed by the secretary of the Security Council, Yuriy Skokov. Representatives of the MVD [Ministry of Internal Affairs], MB [Ministry of Security], and Ministry of Defense took part in the group. The group was not joined, however, by representatives of those departments who had already worked on the president's edict: the Ministry of Economics, of Agriculture, and Goskomnats. Skokov's assistant was ataman Martynov, who together with the ataman of the Kuban Rada, Gromov, and several others, submitted a new presidential draft edict on behalf of the work group. The new edict demanded, in particular, that "it be necessary to view the Cossacks as a part of the forces and means ensuring the security and territorial integrity of the state, and protecting human rights." According to the draft, all Cossacks are obligated not only to serve in the army, but to remain "under arms" after finishing their term of service; forming their own "army of reservists" of sorts, although under the command of the atamans. It is proposed that the Cossacks be considered a military force, whereupon they would be called upon to carry out the role of either an additional militia force, or of military detachments in the fight against separatism. The Cossacks had been generally prohibited by their own charter from assuming any police functions. (Actually, in Cossack stanitsas there were no police or gendarmery. They kept order themselves, although only among themselves. They did not extend their authority over the civilian population.) All the more reason for the Cossacks to be regarded as a military service was because the draft also proposed that the Cossacks bring order to Northern Caucasia [Ciscaucasia] as part of their "training," "in the aim of stopping the illegal transport of

goods and the smuggling of valuables, narcotics and weapons." If one takes into account, that even in the most "hospitable" native Cossack oblasts their numbers do not exceed more than a tenth of the general population, one can imagine the reaction of the population to the appearance of yet another organization managing and directing their lives.

As regards the Cossacks themselves, the draft edict proposes that Cossack lands be declared "national property and be excluded from the privatization process." It also proposes that the Union of Cossacks itself become a "social institution, which unites the interests of Cossacks in different territories and serves as a spokesman on behalf of the interests of all Cossacks, the head of which, the ataman of the Union of Cossacks, would be elected by delegates from all Cossack Troops." If the Union of Cossacks intends to close the gap in the military program of the Cossack restoration and preserve exclusive rights and powers for itself namely in the military sphere (having pushed aside all oppositional Cossack structures), then this burst of patriotism exhibited by its atamans should be sanctified, according to the draft, "by conferring the rank of lieutenant-general of Cossack troops upon the ataman of the Russian Union of Cossacks, and the rank of major-general upon the atamans of the Cossack troops."

The problem here is not so much that this carnival will continue with the uniforms, ranks, and whips, but that sooner or later the Cossacks will come under fire as being members of unlawful military formations. An attempt to legalize existing groups, however, in the ranks of which there are many fortuitous people who have donned Cossack uniforms simply as a result of circumstantial reasons (for example, volunteers visiting the Dniester region who to this day cannot be controlled) would be a dangerous move, as those who will "introduce order" are those very people who themselves despise lawful order.

Commentary on Yeltsin's Removal of Krasnodarsk Admin Chief

934C0473B Moscow ROSSIYSKIYE VESTI in Russian 28 Nov 92 p 2

[Article by Sergey Ovsienko: "About the Administrative Head of Krasnodarsk Kray"]

[Text] Many will probably remember the epic of the fight of local authority with V. Dyyakonov, administrative head of Krasnodarsk Kray. From time to time its most dramatic episodes appeared in the pages of Russian newspapers. Only the intervention of federal authority put a proper end to the boisterous activity of the unsinkable head of the administration. A check by the Control Directorate of the administration of the president of the Russian Federation revealed cases of the crudest violation of legality in the carrying out of the economic reform, privatization, and land use in the kray. Here is just one example: an enterprise foundation is being set up in the kray not without the help of V. Dyyakonov. Key positions there were occupied

by relatives of the administrative head. They made full use of the advantageous position of their managing father-in-law. Based on the results of this investigation, the president issued a directive removing V. Dyyakonov from the execution of the duties of the head of the kray administration. The Russian Parliament agreed with this decision by B. Yeltsin

Kostroma Oblast Declares Unregistered RF Citizens Foreigners

934C0485B Moscow IZVESTIYA in Russian 5 Dec 92 Morning Edition p 2

[Article by Mikhail Ovcharov: "Citizens of the Republics of the Former USSR in Kostroma Declared Foreigners"]

[Text] The little soviet of Kostroma Oblast declared all citizens of the former USSR not permanently living and not registered in Russia to be foreign citizens or persons with no citizenship.

And although the reservation was made that the decision is provisional in nature and is in effect until the passage of the corresponding enforceable acts of the Russian Federation, the essence of the matter does not change. Henceforth everyone in the oblast who is declared a foreigner or person without citizenship is obliged to register and pay 1,000 rubles [R] for this. The trade tax for each such "foreigner" in Kostroma is now much more drastic than for a citizen of Russia. The fine for evasion is from R500 to R5,000. Stiff fines for the violation of the rules for the registration of inhabitants of Ukraine, Uzbekistan, or, let us say, Azerbaijan also threaten officials, which affects primarily workers in hotels and dormitories.

How does such a decision correspond to the demands of Russian legislation? "Not at all," thinks oblast Procurator Boris Dmitriyev. "After all, the little soviet exceeded all of the bounds of its competence. It has no right to take such actions. This can be done only by the highest legislative bodies. Therefore, the procurator's office of the oblast has protested this illegal decision of the little soviet."

Demands by Labor Movement in Urals Made

934C0477A Moscow SOVETSKAYA ROSSIYA in Russian 1 Dec 92 p 1

[Article by V. Fomin: "Voice of the Urals"]

[Text] On the very threshold of the Seventh Russian Congress of People's Deputies, a regional congress of Ural workers took place in Yekaterinburg.

Speaking on behalf of voters in a resolution directed at the Seventh Congress of People's Deputies, the congress demanded both the resignation of Gaidar's government, acting in opposition to the people, and a reorientation in reforms toward expanded reproduction.

A coordinating council for the Union of Ural Region Workers [Soyuz trudyashchikhysya Uralskogo regiona]

was created at the congress. In fulfilling the decisions of the Second All-Russian Congress of Soviets of Workers, Peasants, Specialists, Office and Professional Workers, it was recommended that work collectives proceed with the creation of Soviets of workers, peasants, and labor intelligentsiya within enterprises, sovkhozes, kolkhozes institutions, and organizations.

Regional RCWP Names Demands

934C0473D Moscow, SOVLITSKYI ROSSIIYI
in Russian 26 Nov 92 p 1

[Declaration by V.P. Yadryshnikov, chairman of the urban movement Working Barnaul, V.A. Safronov, co-chairman of the Altay Kray Committee of the Russian Communist Workers Party (RCWP), V.S. Nemenov, co-chairman of the Altay Kray and Barnaul city committees of the RCWP, V.S. Bogdanov, acting chairman of the movement Working Kuzbass [Kuznetsk Coal Fields], T.G. Avaliani, secretary of the Kemerov Oblast Committee of the RCWP, F.D. Ananyin, chairman of the Novosibirsk Oblast Soviet of Workers, Peasants, and Working Intelligentsia, S.Ye. Krupenkko, secretary of the Novosibirsk Oblast Committee of the RCWP, I.A. Tsytyatov, chairman of the executive committee of the movement Working Omsk, V.M. Utenko, secretary of the Omsk Oblast Committee of the RCWP, A.S. Kravchenko, chairman of the Tomsk Oblast Soviet of Workers, Peasants, Specialists, and Employees, and V.A. Yachmenov, secretary of the Tomsk Oblast Bureau of the RCWP under "A Mandate to the Deputies" rubric "Express the Will of the People"]

[Text] We leaders of oblast committees of the RCWP and of the movement "Working Russia" of Altay and Kuzbass and Novosibirsk, Omsk, and Tomsk oblasts, knowing the opinion of the working people of West Siberia, declare the following:

People's deputies of Russia, pursue the cause of protecting the working people and do not open the way to the criminal and speculative mafia. There should be less discussion. Political criminals and criminal speculators are trying to incite the people against you. They pound into the heads of the people—through television, radio, and the press—that the people's deputies just talk about the needs of the people but are concerned only about themselves. Do not be tempted to talk a lot. Vote for the preservation of Soviet authority, the restoration of the USSR, the socialist way of developing the state, the preservation of public ownership of the land, and the abolition of the institution of the presidency and unconstitutional structures that have not justified themselves.

At the same time, it is necessary to do everything possible to strengthen our Fatherland, relying on the will of the voters and not foreign advisers. The people's deputies must reflect the will of the people and labor collectives who nominated and voted for you. You are people's deputies of Russia and not members of the US Congress or Israeli Knesset.

Yeltsin, his circle, antidemocrats, and their sociological lackeys are deceiving the people, asserting that the people favor the collapse of the state, the elimination of Soviet authority, and private ownership of the means of production and land. This is a crude lie. That is not the way it actually is. In Altay Kray, meetings of peasants were held at all sovkhozes and kolkhozes in 52 of 57 rayons, where 203,000 people were present. Only 8,600 people voted for private ownership of the land and 1,200 people abstained, whereas 193,200 people voted against private ownership of the land. Therefore we declare enough lying in the name of the people. Substituting fools for the people, who do not represent either the people or individual strata of them, as they do, creating the myth that the miners of Kuzbass are for Yeltsin, these forces are deceiving the people. In the elections for president of the RSFSR, just 39 percent voted for Yeltsin, whereas 45 percent voted for Tuleyev. Today 5 to 8 percent would vote for Yeltsin in Kuzbass. Such is the real situation in the people. And such must be the actions of the Seventh Congress of People's Deputies and the National Veche.

Moscow Voters Protest Deputy's Unfilled Campaign Program

934C04734 Moscow, SOVLITSKYI ROSSIIYI
in Russian 24 Nov 92 p 2

[Statement by I. Shmakov, I. Shmakova, N. Shmakova, N. Demina, Ye. Davydova, and other voters in Kiyevsky Rayon of Moscow (a total of 988 signatures)]

[Text] We voters remind our People's Deputy of the Russian Federation S.N. Yushenkov that in his preelection campaign he unmasked the "very great vices" that, in his view, hypocrisy and passivity are. It was asserted in the preelection program that he is in favor of combining the possibilities of the soviets and committees for self-administration for the sovereignty of the RSFSR within the USSR and for the creation of a dependable mechanism for the social protection of the least prosperous strata of the population and for the administration of the country through the soviets of people's deputies and committees for public self-administration.

But the practical work fundamentally differs from the preelection program and the promises given to the voters.

Today, against the will of the voters, S.N. Yushenkov is in favor of:

- the dissolution of the soviets at all levels;
- the continuation of the strict course of the government for the deepening of economic reforms, disdaining the minimum possible protection of the population;
- the nonacceptance of alternative economic programs and so on.

The natural questions arise:

1. Why, in speaking out in favor of the sovereignty of Russia in the USSR, did S.N. Yushenkov not undertake any action to prevent the collapse of the Union of Soviet Socialist Republics?
2. Why at the congresses and meetings of the Supreme Soviet of the Russian Federation did he not defend the measures for social protection in the carrying out of the predatory economic reform?

Interregional Deputies' Conference Held in Moscow

934C0473C Moscow NEZAVISIMAYA GAZETA in Russian 24 Nov 92 p 2

[ITAR-TASS article: "Pragmatism Against Revolutionaries and Restorationists"]

[Text] An interregional conference of Russian deputies from all levels was held in Moscow. It was carried out under the sign of the arms of the parliamentary group "Change—A New Policy" that is making a serious claim as an independent political force and not just in the scope of parliament.

In the statements by the participants in the conference, it was stressed that the rebirth of Russia is possible only through a new form of regional cooperation—a community united by a national idea as well as the mutual advantage of an economic, political, and cultural union. The basic demand that the deputies presented to the center was to pursue a firm course of stabilization and social partnership and to ensure the continuity and consistency of policy and legislation. Those speaking indicated the necessity of giving the Federative Treaty specific content and of passing laws that would "work" rather than being a dead weight.

Taking up the idea of a new regional policy as the key to the renewal of Russia, the representatives of the body of deputies called for agreement to be sought with the government and for the crisis to be overcome through joint efforts. At the congress of people's deputies, they intend to present pragmatism as an alternative to "revolutionaries" and "restorationists."

Moscow Soviet Budget, Finance Commission Chairman Plokhin Interviewed

934C0484A Moscow NEZAVISIMAYA GAZETA in Russian 2 Dec 92 p 2

[Interview with Aleksandr Plokhin, chairman of the commission on budget and finance policy, by Vladimir Gurvich: "Moscow Soviet in Search of 20 Billion"]

[Text]

[Gurvich] A key question in the current session of the Moscow Soviet concerns the budget. What do you see as

the reason for the main disagreements between the deputies and the government of Moscow?

[Plokhin] I want to say that these disputes have been going on for several months now. We are arguing that the revenue side of the city budget must be increased by 24.7 billion rubles [R]. It is necessary to subtract from this sum R5 billion—the available remainder from last year that has already been spent. As a result, R20 billion remain. This is what started everything. I want to say right away that this sum was obtained on the basis of careful calculations based on data provided by the Moscow Committee for Statistics.

[Gurvich] If that is the case, how can such significant differences arise with respect to the revenue side of the budget? After all, the tax inspectorate and the department of finances deal with these questions.

[Plokhin] Indeed, these services deal with the calculation of the city budget. It is another question how they do this and what objectives they are thereby pursuing. Here are some specific examples for you. Two weeks ago, our commission received a letter from the tax inspectorate, in which they assured us that the government's calculations of the amount of revenue to the budget fully agree with those of the tax inspectorate. And we recently received a second letter from them, in which they acknowledge that we are correct. When the finance department made its calculations of the amount of income tax receipts, they assumed that the able-bodied population in Moscow is 5,200,000. We checked these data and it turned out that the city should receive another 10 billion. When we presented these figures to them, they declared that there are only 3,800,000 real taxpayers. We ended up agreeing on a figure of 4,662,000 people for final calculations.

[Gurvich] But the budget is the basis for all economic policy. And if it is calculated from such serious errors, then this means that someone benefits from such a practice. Or one must speak of the lack of professionalism of those who deal with this matter.

[Plokhin] I think that one must speak of both. When we receive from the department of finances estimates of tax receipts that the city should receive that are made with arithmetic errors, as a result of which R1.5 billion are "lost," then this indicates insufficient professionalism or unscrupulousness. But there is also a political ruse behind this question: by artificially lowering city revenues, the Moscow government has a reason to request additional funds for the capital from the Ministry of Finance.

[Gurvich] In this case, the question is how to make sure that the Moscow budget reflects the real balance between its revenue and expenditure sides?

[Plokhin] This problem goes deeper than it appears to at first glance. Moscow lacks a system for the analysis and forecasting of the development of the tax base. This is the reason for such frequent shuffling of the figures. These matters used to be handled by Gosplan but after it

was disbanded no one really deals with this. The tax inspectorate could take on this mission but it must feel independent before it can issue objective information. By an edict of President Yeltsin, the tax service was put under the government of Moscow and therefore, naturally, it covers up its faults.

Dairy Product Prices Surge in Moscow

934C0484B Moscow KURANTY in Russian 21 Nov 92 p 3

[Article by Igor Irin: "The Prices Make Your Head Spin"]

[Text] The Podolsk Dairy stopped deliveries of products to the capital. The dairy administration declared that the Moscow trade already owes the enterprise 47 million rubles [R]. Because of this, all future deliveries will be made only after prepayment.

At the same time, the dairy set new wholesale prices. A packet of milk now costs R42, a bottle of fermented goat's milk R23, a kilogram of sour cream R251, and a kilogram of meat R576.

I fear, however, that the city trade will not immediately get used to such purchase prices. Not to mention consumers, for the retail prices for everything will be even higher.

Moscow Metro Cost Increase Expected

934C0484C Moscow KURANTY in Russian 21 Nov 92 p 1

[Article by Yevgeniya Yakuta: "The Metro Will be More Expensive. When?"]

[Text] Once again there is total confusion about the metro tokens. It appears that the presidium of the Moscow Soviet authorized the government to introduce a new rate beginning 20 November.

One token is now supposed to cost 3 rubles [R]. Television and radio are reporting this "happy" news to the people and then denying it that same day. The administration of the Moscow metro just shrugs, there have been no official directives from city authorities on this matter. Nor have the ticket collectors, dispatchers, or station chiefs received any instructions. A trip on the metro still costs R1. How much longer is unknown.

One of the reasons for the proposed price increase, it is rumored, is the fact that 12 million tokens have "drifted away" from Moscow to St. Petersburg, where a ride on the metro already costs R3.

Moscow City Hall Statement on Housing Privatization

934C0471A Moscow MOSKOLSKAYA PRAVDA in Russian 18 Nov 92 p 1

[Unattributed report: "City Hall Clarification"]

[Text] The Russian Federation Supreme Soviet has accepted a draft of an amendment to the Law on

Housing Privatization on a first reading. In connection with that action the city hall press center yesterday issued a statement.

Citizens of Russia now have the right to privatize their own apartments free of charge, regardless of apartment size. Moscow City Hall has been carrying out this sort of "free" privatization for a long time now, basing its actions on additional powers granted by the President of Russia. Muscovites pay only a document processing fee. There are 360,000 privatized apartments in the capital, comprising 25 percent of all privatized housing in Russia.

Adoption of the Moscow version of housing privatization throughout Russia would eliminate many misunderstandings. However, the draft that was approved on a first reading still contains a number of problems. Thus far there has been no clear-cut decision on the matter of how to privatize ministry-owned housing and apartments in buildings which are classified as architectural monuments. The overwhelming majority of ministry-owned housing could be privatized free of charge, because it was built using wages withheld from workers, just as municipally-owned housing was. Apartments in buildings of architectural significance could also be privatized if the only architecturally-significant feature is the building's exterior, and if the building's residents are required to preserve that exterior.

The document's most serious shortcoming is that the document transferring apartments to citizens must be notarized. As a result of that stipulation only 8,000-9,000 contracts can be processed in Moscow each month.

Militia Major General Komissarov on Moscow Crime

934C0471B Moscow NEZAVISIMAYA GAZETA in Russian 1 Dec 92 p 6

[Interview with Vyacheslav Komissarov, militia major general, conducted by Vladimir Zadera under the heading "Opinion": "Vyacheslav Komissarov: 'The Moscow Militia Is Becoming the Handmaiden of the Rich'—And the Majority of the Population Suffers"]

[Text] Militia Major General Vyacheslav Komissarov is the first leader in the history of our country to reach his high-level position in the MVD's [Ministry of Internal Affairs] hierarchy by democratic means. However, after serving for a brief time as chief of the Moscow Internal Affairs Main Administration and Russian first deputy minister of internal affairs, he now finds himself in the position of a semi-disgraced general who can most likely expect to be retired altogether.

[Zadera] It is a well-known fact that your candidacy for the post of head of the Moscow Internal Affairs Main Administration was opposed by M. Gorbachev and the late V. Pugo—something, incidentally, which has been

repeatedly pointed out by G. Popov and Yu. Luzhkov. Have any efforts been made to discredit you?

[Komissarov] Following the events of August 1991, a time when it seemed that all the obstacles had been removed, my principal opponents attempted to find any sort of materials that would compromise me. In a sort of chain reaction I was only allowed to serve as head of the Moscow Internal Affairs Main Administration for less than a week and then offered the vacant post of first deputy minister.

[Zadara] Was it not a mistake to accept that offer?

[Komissarov] From a moral standpoint, I feel that I should not have done that. But at that time my reasoning went like this: the "cold war" surrounding me as an individual had been going on for over a year, and the uncertainty was having an effect on the morale of Moscow militiamen. Finally, it seemed to me that the Moscow City Soviet deputies had begun to lose their sense of restraint and had started resorting to methods of support that were unacceptable to me. Furthermore, the offer to become head of an MVD criminal division was an honor for me, since everything that I have accomplished in life has been connected with criminal investigation.

[Zadara] Did you manage to accomplish anything?

[Komissarov] I was first deputy minister for just over three months, and I spent one month of that time in Checheno-Ingushetia and Vladikavkaz during a period of tensions in that region. However, I did manage to accomplish some things. Specifically, I concretized the concept of a criminal militia, set the guidelines, forms and methods for combatting organized crime, solved several problems of an organizational and structural nature, and outlined ways of reinforcing units assigned to protect the economy.

[Zadara] Did you manage to avoid bureaucratic conflicts?

[Komissarov] My colleagues did not agree with all my innovations. Specifically, I spoke very strongly in opposition to an attempt to eliminate the economic protection service.

Not everyone liked my idea of taking firm control of operations by the Moscow city and Moscow oblast internal affairs main administration. However, we did succeed in creating an oversight institution with a permanent presence of Russian MVD personnel within the Moscow city and Moscow oblast internal affairs main administration.

Moscow city and oblast main administration archives contain several thousand criminal cases that were dropped for various reasons. I ordered special study of cases connected with officials' crimes in the economy. I wanted to know why so many cases had been closed. If we had succeeded in completing that work, then we would probably have uncovered serious violations on the part of senior officials in the MVD and the local internal affairs administration.

[Zadara] You spent a long time working in the northern Caucasus. As you watch events unfold in that region, do you regret that you once refused to carry out orders to crush the Chechen regime by force?

[Komissarov] I feel that as a citizen and as an officer I did the right thing during those much-publicized events in Grozny. I acted in the best interests of Russia and the mountain peoples and did not give in to provocative demands to use force and shed blood.

[Zadara] According to survey findings, 80 percent of Muscovites feel defenseless in the face of the criminal world, and one victim in five does not go to the militia because he or she does not think it is capable of helping. The Russian president's apparatus alone has recently received a record number—over 1,300—letters from citizens who are dissatisfied with the state of efforts to combat crime in the city. So, is Moscow really becoming a criminal "no man's land"?

[Komissarov] According to current operational data, the nucleus of the crime scene is focused in Moscow. Many people are already aware of the amount of capital under its control: large-scale financial manipulations involving participation by black marketeers from the northern Caucasus region alone have cost the state over R100 billion [rubles]. Everyone already knows that the Moscow territory has been divided up between mafia gangs that are well armed, have international and interregional contacts, and enjoy the patronage and protection of certain officials and some personnel in the law enforcement ministry.

Poor work by law enforcement organs is also contributing to the increasing crime rate. This year there will be approximately 20,000 unsolved crimes in Moscow, and four apartment burglaries out of five will not be solved. Felonies are not being properly investigated.

There has been an obvious slackening of the fight against organized crime: during the first six months of this year only 183 members of criminal gangs were prosecuted. The presidential decree "On the Struggle Against Corruption in the System of State Service" has been implemented in an extremely unsatisfactory manner. Despite warning signs of widespread corruption in Moscow's executive power structures, during the first six months of the year only nine cases of acceptance of bribes by officials were uncovered. Subdepartments that combat economic crime are virtually paralyzed. This year, for example, only a few dozen cases of theft were discovered in the field of lending and financial relations and foreign economic operations.

[Zadara] Why, in your opinion, is all that happening?

[Komissarov] There are many reasons. One of the main ones is the low wages and unsatisfactory social status of militia personnel. It is not surprising that recently over 4,000 employees have quite the Moscow militia.

Many have been forced to take second jobs, including some in market structures, and quite a few militia

personnel become dependent on the shady operators. Some of them commit criminal offenses and are members of organized mafia structures. The Moscow militia is becoming ever more the handmaiden of rich commercial structures.

[Zadera] Insofar as I am aware, you have been considered as a possible candidate for head of the Moscow Internal Affairs Main Administration after Arkadiy Murashev leaves.

[Komissarov] I have been offered various positions, including that one. However, tempting positions are no longer that important to me, just what and whom I serve.

Since we are talking about the post of main administration head, then we should consider the fact that in their practical efforts the former and current mayors have often ignored current laws, preferring instead so-called political and economic expediency. They want to make the head of the Moscow militia, as part of the Moscow government, subordinate solely to arbitrary decisions by city hall administrators, and to make him manageable while ignoring both decisions by the Moscow City Soviet and the law. The Moscow government often uses the militia for inappropriate purposes and draws internal affairs organs into political games. During this period city hall has passed a number of unconstitutional and illegal acts. By what should the head of an internal affairs main administration be guided: the law, or those decisions?

By violating the law, city hall is sawing off the branch it is sitting on. Any government that wants to build a rule-of-law state must be legitimate and function in strict accordance with the law until it is removed or replaced. One of our country's problems is its total lack of respect for current law. If leaders demonstratively flout the law, then why should everyone else not do so?

New St. Petersburg Security Chief Interviewed

934C 04354 St. Petersburg
SANKI PETERBURGSKIYE VEDOMOSTI
in Russian 11 Nov 92 p 2

[Abridged text of a press conference of Colonel Viktor Cherkesov, head of the St. Petersburg Administration of the Ministry of Security of the Russian Federation, recorded by Aleksandr Afanashev, St. Petersburg, date not given: "The Shadow Capital Is Searching for Ways To Gain Political Power"]

[Text] In the beginning of the month, there was a change of leadership in the MBRF's [Ministry of Security of the Russian Federation] St. Petersburg Administration. Colonel Viktor Cherkesov, who until then had headed the administration's investigative service, became the administration head.

It was not difficult to foresee the reaction of radical democratic circles to such a personnel shift. Together with congratulations on the occasion of his promotion,

Cherkesov started to receive other kinds of "greetings" as well—in connection with scandalous materials published in the press.

Columnist Igor Bunich called this appointment "a resounding slap in the face of the democratic public." The council of representatives of Democratic Russia's regional branch made the decision to send President Yeltsin a protest regarding the personnel changes in the MBRF and a suggestion to immediately reconsider Cherkesov's appointment. What caused all of this?

The press release distributed among the journalists at the presentation of the new administration head indicated that in the course of his work in the state security organs, Viktor Vasilyevich Cherkesov either personally investigated or headed the investigation of cases of corruption in the organs of state power, of illegal exports of strategic components and raw materials abroad, and of especially brazen crimes against individuals. At the same time, columnist Igor Bunich maintains that Cherkesov "participated in most cases against the dissidents and political trials in our city.... on his record are cases against the People's Labor Union [NLS] (Dolinin, Yevdokimov), the Democratic Union party, the "literary" cases of Donskoy, Meylakh, and Polyakov, who were guilty of reading, giving others to read, or making copies of Solzhenitsyn's Archipelago. And Bunich in this instance is not just a man who has picked up some rumors. He encountered Cherkesov personally twice, having been called as a witness in cases that the latter supervised. There were other, equally angry voices in the newspapers, on radio, and on television.

It is not surprising then that at the press conference that was held recently at the Big House, the new administration chief was asked many, and not necessarily easy, questions. Having listened without much interest to Cherkesov's introductory statement, in which he outlined the general picture of the lines of work and tasks the special service deals with today, the journalists rather quickly changed the topic.

The press conference took place the week before last. Afterwards, I reread the transcript many times, trying to decide a rather difficult question: Should I publish—albeit in an abridged version—or not? In the end, I decided that I should. I think that before long there will be many people who will find it interesting to reread the text below. Because it will become clear that one cannot move forward with a face forever turned back. And then we will perhaps think about the questions that were asked and those that for some reason were not.

[Aleksandr Volovikov, SME-NA newspaper, Radio Liberty] I would like to have some explanations regarding your past activities.

[Cherkesov] You mean, is it true that Cherkesov has served in the security organs since 1975, was an investigator, investigated cases of crimes against the state—what else in connection with this?

[Volovikov] And in connection with this had he fabricated some materials of the cases he was investigating.

[Cherkesov] I would like to define the terminology. The word "fabrication" means committing a grave criminal offense. There are certain procedures for bringing these sorts of charges.

It is not true about the "fabrications." Because the criminal cases I investigated were then handed over to the court, and they were considered by the court; and decisions to prosecute were made in accordance with the law.

As to the problem as a whole, I want to say the following. It is true that during the 1970's and 1980's the then KGB's Leningrad Oblast Administration, in accordance with the law in effect at the time, conducted investigations on cases of especially dangerous and other crimes against the state. This category included all criminal cases from those that fall under Article 64 (treason in all its forms) to illegal entry into, or exit from, the country; contraband; and anti-Soviet propaganda and agitation. Unfortunately, it so happened that all this work—quite voluminous and diverse—until now has only been partially described in the mass media. Only that small part involving the cases of anti-Soviet propaganda and agitation (Article 70-a of the RSFSR Criminal Code).

I can give you some figures. Over the past 20 years in our city, the KGB administration referred to the city court criminal cases on 39 persons charged under Article 70. I repeat: 39 persons in 20 years. To determine the share of Cherkesov's participation in the investigation of these crimes requires very simple arithmetic. The fingers of one hand would be enough. So the information regarding Cherkesov's alleged demonic role in the conducting of political trials, as they are called now, is the result of not too precise recollections of what was happening, and how.

In my own investigative practice, in the activities of the investigative unit, the dominant kind of criminal case involved crimes of different nature. Apparently, they are not as interesting for journalists....

I would like to be understood here and to say that the investigators did not play the role of "bulldozer".

Here is the last example, already from the perestroika period. This case received rather serious coverage and, by the way, it is often put in the context of things that are mentioned in connection with my name. A criminal case initiated in response to incidents of distributing in the city various print documents on behalf of the Democratic Union.

It was under investigation for a rather long time. By the way, nobody was arrested or detained in the course of this criminal case, and nobody was charged with committing a crime. This criminal case was dropped in 1989 by the investigative department of our administration, on the legal grounds that with the adoption of the new wording of Article 70, the definition of action subject to criminal prosecution had changed. In line with the new wording of

this article of the law, criminal charges could be brought only for calling publicly for violent actions aimed at overthrowing or changing the state and social system established by the USSR Constitution. In the previous wording, everything was different. Hence, the criminal content in the actions of anyone under investigation in this criminal case was now absent, and it was dropped literally as soon as the new law came out. To say that there was a certain, so to say, impulse, a certain zeal on our part that went beyond the existing law, is simply ridiculous.

I would prefer not to get involved in an exchange of opinions with respect to details, individual facts and pseudo-facts quoted in the press. There are some really amazing things there. In one television program, an older man, whom I absolutely do not know, appeared on the screen (there was no legend explaining who he was or giving his name) and started saying that he knew from some other third party what I had done and whom I had ruined. Anonymity probably is not something that will lead to the truth.

[Anna Polyanskaya, the Alternativa creative association of St. Petersburg Television, Radio Liberty, BBC] Viktor Vasilyevich, I will ask you a naive question. You said that you had charged people with committing a crime under Article 70. Even if there were, let us say, five cases, five persons. Are you not ashamed now for what you did?

[Cherkesov] No, I am not ashamed. I was investigating a criminal case. I was enforcing the requirements of the laws, which, by the way, obligate the investigator—not suggest to him—to initiate criminal proceedings when the indications of a crime are present. Any other approach would have been just as arbitrary as knowingly charging an innocent person.

[Alla Repina, SMENA newspaper] From what you have said, only one thing follows: Legally you are clean; we understand that, it is very difficult to catch you on this....

[Cherkesov] But you would like to very much?

[Repina] Well, (smiles) that is understandable. Still, the point is a certain moral aspect. Do you, as a person, admit at least a little bit the fairness of the moral account to which you are being held? By public opinion, by people who had suffered at your hands.... Besides Article 70, there also was Article 64 in those years; why do you not recall your cases under that one?

[Cherkesov] Do you consider Article 64 as shameful for an investigator who brought criminal charges against a spy under that statute?

[Repina] Still, do you accept moral blame? Only moral.

[Cherkesov] You see, moral blame comes from people who subscribe to some morals or other. You, for instance, in speaking about public opinion, apparently perceive it as some sort of absolutely objective and permanent substance: "public opinion." You would agree, though, that there have been the public opinion of the USSR of 1970, the public opinion of the USSR of

1940, the public opinion of the USSR of 1989, and the public opinion of Russia of 1992. Is it not so?

[Repina] Those are empty categories.

[Cherkesov] But how else do we discuss morals? How, excuse me? I would speak in this instance not as an individual official with a surname, name, and patronymic that have become during the last two weeks very popular with journalists (to my surprise), but as an officer, as a person who many years ago entered civil service. Actually, for me personally this service started not within these walls, but in the procuracy organs.

So if we consider what is the moral character of the people serving the state, we should probably look and imagine their position in retrospective, keeping in mind that the state may change and, quite obviously, public opinion changes. And that by serving the motherland and specific laws of one time, one may find himself in this very motherland in a very strange position: with different laws, with different people at the helm of that motherland, with different top people in newspapers, magazines, radio, and television—in a position of a person who is held responsible for everything that has been condemned, or laughed at, or denounced; for everything that had happened in this particular country.

[Boris Panteleyev, chairman of the human rights committee of the Humanist society] Viktor Vasilyevich, I want to ask you this somewhat double-edged question. Nevertheless, I would like to have a reasonably direct answer to it. Before coming here, I talked to many people over the past two weeks. You know them, of course—among them are such well-known human rights activists as, for instance, Vyacheslav Dolinin, Vanda Dobasevich, Rostislav Belonimov.... They spoke of you in a very....shall we say, unflattering way. For instance, Boris Pustyntsev said today in the Petrosovet [St. Petersburg City Council]—he could have come here, but he simply said: I do not want to go to a meeting with that person. This is my first question: How do you feel about this? And the second question. The Nuremberg trial has formulated a principle that goes more or less like this: Carrying out criminal orders does not release one from responsibility. How do you see your activities before 1988 in light of this principle?

[Cherkesov] I will first answer your first question. It is very difficult for me to influence the sympathy or antipathy toward me on the part of people whom I simply do not know. Pustyntsev, Dobasevich—I have never seen them in my life, so what is their attitude toward me based on?... Nevertheless, I have to take into consideration the fact that they do not like me.

Generally speaking, in my position it is quite natural. An investigator is a person engaged in conflict-engendering profession. By initiating criminal proceedings, charging a person with a crime, putting him under arrest, I absolutely objectively cause negative emotions in him: After all, I restrict his rights.

Now as to your question about orders. I did not carry out orders—I enforced the law. If you believe that the USSR Supreme Soviet, which adopted the Basic Criminal Law, and the RSFSR Supreme Soviet, which adopted the Criminal Code that were in effect until lately, are criminal organizations, then let us apply all these definitions to them.

[Aleksey Zakhartsev, St. Petersburg Radio] Viktor Vasilyevich, what is your opinion of the current situation in the country? The confrontation between the president and the parliament, the statement of the three ministers alleging preparations for a coup.... And what is the situation in the city? The second question is for you as a professional whose former business was spies: Have they become more active?

[Cherkesov] You have asked me parliament-level questions. If I start analyzing the situation, it will probably come out the same way as it is presented in the multitude of mass media organs. I cannot say anything other than that it is very complex and is fraught with absolutely unpredictable possibilities as to how it will develop.

Right now, while the authorities are busy defining priorities (who is stronger, who is more decisive), shadow capital is flowing into administrative structures. From a purely criminal sphere, these criminal formations are moving into production and are laundering their money there. And from there they start gaining positions in the organs of power. Therefore, I think that unless we have at least relative stability very soon, the future does not hold much good for the city.

As to a purely professional appraisal of the espionage problem, you are absolutely right in asking these two questions together.

Of course the situation is favorable as never before for foreign special services, and it is being used, of course, not for our good. Moreover, objective conditions have prompted foreign services to move the bulk of their recruitment work abroad, so it is becoming difficult for us to control their actions. It will still fall on us to deal with the consequences. Therefore, in this respect, too, the current situation does not hold a favorable promise.

[Yelizaveta Bogoslovskaya, RUSH HOUR] Your answers to my colleagues' questions prove convincingly that you consider yourself a cog in this huge machine called the KGB. A machine that, as it happens, does not elicit sympathy among the people. Although one would think that it was the very organization that is there to protect the interests of the people. Now you can no longer be a mere cog, because you are at the helm of such a powerful apparatus. Tell me, please, can you really assure us today, can we be certain that there are indeed spies? After all, there also were spies in the 1930's—Polish spies, British spies.... Now there are new spies. How can we be certain that things of the past will not be repeated? Because allow me some disbelief when you say that you were shaken by the cases of the 1930's when you got access to them. That is my question.

[Cherkesov] I cannot but express my regret that I have not convinced you of my sincerity. Perhaps I lack the words and vividness to be convincing. In the end, however, it is a very subjective matter. Second: I regret that you perceived my explanation of what I personally and other officers of state security did in enforcing the law as a description of a "cog." I have never considered myself such.

As to guarantees, we talked about that during the first press conference.... It is very important both for the country as a whole and for us, officers of the current Ministry of Security, that there finally is, for the first time in our history, and has been in effect since August of this year, a Russian law on the federal organs of state security. It is important because it has defined the boundaries of our activities, and provided for powers—not the kind that in the past had to be granted by some obscure acts, either issued by the agency itself or by the Central Committee. By the way, the investigators, unlike others working for state security, at least had the Criminal Process Code and the Criminal Code. The important point is that this law is now a law for everyone. And it has, among other articles, an absolutely clear provision that officers of the state security organs, in the course of carrying out their official duties, cannot be guided by decisions of political parties and public organizations that pursue political goals. This speaks absolutely unequivocally of the legal mode of activities of the state security organs.

[Yakov Gordin, ZVEZDA magazine] You know, it is my understanding that right now the most important thing in our life in general is not a search for differences but, on the contrary, a search for a possible crossover. Even if it is on a small patch of the political space. Therefore, frankly, today's conversation has upset me quite a bit. Here is why. It seems to me that what is most important for your agency today is society's trust—in whatever way you interpret it. Tell me, please, when you read "The GULAG Archipelago," did you see it as flagrant lies about the life of our society?

[Cherkesov] Well, you know, speaking of "The GULAG Archipelago," generally, when I read that book—this has nothing to do with me in this case as an investigator—I simply did not see it as a historic or literary work....

[Gordin] That is a different matter.

[Cherkesov] Speaking about the legal appraisal of this work, it was done not by me, but by the court. And not when I was reading the book, and not as a result of my reading it, but long before then.

[Gordin] Since my question was short, I will ask another one, also short, that requires a short answer. A reference to the court, if you will excuse me, does not convince me, since I was present at several political trials and know how that mechanism works. I am interested in this, however. When a state security investigator qualified things that were truthful and known to absolutely every normal person as flagrant lies, was he violating the law or upholding the law? You see, this is a key point, and this is where I finish.

[Cherkesov] I cannot agree with you in this a priori assumption you use by saying that such and such a fact was clear, understandable, and close to the heart to every normal person, and that only security investigators found in it slander, lies, and so on. That is a subjective and arguable contention. What is the model of an "ordinary, normal person"? What kind of definition tool is that?

[Gordin] Well, if you ask me that question, I can answer it. (Noise in the auditorium). We probably should not engage in a discussion now; I only want to repeat the proposal I made today in the Petrosvet. In order to put the relations between the administration and the public on a clear footing, it would be very useful to hold public hearings. Not a trial of the KGB, not any specific claims against Cherkesov or Ryabchuk or whoever else. Just public hearings.

[Cherkesov] And what does that mean?

[Gordin] That means that, for instance, specialists, jurists, and historians would be asking specific questions about specific cases and, for instance, representatives of the public would express their opinions so we could arrive at some....

[Cherkesov] Tell me, at what intervals are we going to hold public hearings? When will the next one be? (Com-motion in the audience)

[Gordin] Why the next one? The next one will take place if there are again violations of the legality and a legitimate power is established again.

[Cherkesov] A new legitimate power? (Laughter in the audience)

[Gordin] No, not a new legitimate power—simply legitimate power. Because the power that had existed until recently can hardly be considered legitimate. There is now a legitimately elected democratic power. I am sorry I took so much time. These are very serious matters.

[Cherkesov] I will keep in mind what you said. That was not really a question, was it?

[Aleksandr Afanasyev, SANKT-PETERBURGSKIYE VEDOMOSTI] I have three questions, but two are really very short, requiring very short answers. First, You remarked in the beginning that all of us are interested only in Article 70. What did you get your order for?

[Cherkesov] For investigating a criminal case involving espionage, the unmasking of an agent of two intelligence services.

[Afanasyev] Second question. Bunich's material, published in SMENA, mentions your office when you were an investigator; I had an occasion to visit it.... Bunich says that it was formerly a bathroom; I was told that Leonid Nikolayev (Kirov's murderer) was being interrogated in that office at the time (that is, in 1934). What is the true story?

[Cherkesov] Igor Lvovich Bunich apparently grew up in a palace if he can mistake an 18-square-meter office for a former bathroom. It is apparently a surge of imagination to add a special atmosphere to his recollections.

[Afanasyev] My last question. It is often mentioned now that it is necessary to suspend the activities of elected organs before their term expires—and idea I consider of rather dubious merit. What is your opinion, as a state security officer, on this issue?

[Cherkesov] That is a serious question, and I will give you a somewhat longer answer than I did to the first two. This goes hand in hand with the current situation, whereby that same shadow capital is searching for ways to gain political power. Believe me, this is not exorcism or a trick to excite the journalists, and through them, the population of the city.

As one possible development of events, I have to look into the potential result of the loss of the deputy corps. Of any level. It is very complex in its composition, and it is perceived very differently by different population strata. But it gained its deputy mandates honestly. Because at that time money did not decide anything. During the election campaign, we were still the country that was riding on emotion, and by confidence or no confidence in a specific individual brought up to the surface, in all power structures, people who seemed to be deserving, who were trusted.

Currently, the following may happen. The election will follow a pattern long used in the West. It is a whole procedure: a well-rehearsed play that costs big money. Big money already exists. People who have it do not know what to spend it on. This money will be invested in bringing to power people who are good for this big money. Also, keep in mind that big money, as you well understand, is not gold coins innocently inherited by someone. It is dirty money.

Therefore, I believe that it is impermissible to let the deputy powers be suspended before the expiration of their term.

[Aleksey Khokhlov, the Fact creative association of St. Petersburg Television] You were talking about authorities, about corruption that has penetrated to high levels. I have a "yes" or "no" question. Will you have enough courage to initiate criminal proceedings against someone not merely at the level of the mayoralty, but, for instance, members of the government or the Cabinet of Ministers? If there is material pointing to their antistate and criminal activities punishable by law. Yes or no? (Commotion in the audience; someone prompts: "Yes!", laughter; Cherkesov also smiles.)

[Cherkesov] Well, not all my assurances have been accepted by those present, but I will still say "yes."

INTERNATIONAL AFFAIRS

Shokhin on Attracting Western Investment, Technical Aid

934403284 Moscow KURANTY in Russian 30 Oct 92

[Interview with A. Shokhin, by Aleksandr Nadzharov "Like the Distribution of Death"]

[Text] When, so to speak, self-interested individuals speak about the need to adjust the reforms, they never give warnings about, much less think carefully about, the consequences for the nation of their own slogan. "Back to stagnation!" Because that is precisely how their appeals look—the appeals to stop, look all around, and return to various kinds of limitations and distributions. The young reformers in the president's government have a different opinion: forward to the market is like the distribution of death.

The person being interviewed is Professor Aleksandr Shokhin, vice-premier of the Russian government, doctor of economic sciences, aged 42.

[A. Nadzharov] Aleksandr Nikolayevich, let's speak the truth from the start. What is your forecast for the immediate future?

[A. Shokhin] This forecast, if we can put it this way, is nothing like a program. It can be moderately pessimistic or moderately optimistic, if you want. In 1993 if what is proposed is not stabilization, it is at least a serious slowing down of the rates of production slump—this is something like 95 percent of this year's level. But an upswing will begin in the middle of the year.

[A. Nadzharov] In any case, you do not foresee the catastrophic slump that was predicted by Volskiy?

[A. Shokhin] Of course not. Moreover, judged by a number of parameters, stabilization is occurring. For example, there has been a completely precise stabilization of investment activity, which most likely will even increase.

[A. Nadzharov] Do they ask for money, or certain benefits and privileges?

[A. Shokhin] That does happen. Incidentally, the administrators of the executive power in the republics and oblasts are, *ex officio*, members of the government. We regularly invite them, and they take advantage of that right and make active statements. It is good that the administrators of many oblasts are simultaneously present. Because if someone wants to ask for something for himself, our main argument is: if we give it to you, we'll have to take something away from your neighbor.

[A. Nadzharov] And all of this occurs in an atmosphere of mutual understanding and genuine goodwill

[A. Shokhin] Not always. However, in recent months we have observed a discussion mode that is more peaceful than previously. We now have peaceful working discussion.

[A. Nadzharov] How, in this regard, do people in the government evaluate the rate of privatization?

[A. Shokhin] There are no completely unambiguous evaluations. On the one hand, the figures appear to be completely appropriate for considering the forward movement to be sufficient. On the other hand, it turns out that they are not completely so. For example, privatization itself definitely must not become the basis for a sharp worsening of the rate at which the population is provided with commodities. At sessions of the government, examples are cited not infrequently when, after privatization, the stores sharply change their assortment and begin trading in the most profitable commodities.

[A. Nadzharov] Everyone knows what these commodities are—primarily alcohol. Nevertheless let's recall the end of last year. There wasn't anything in the stores. Now the situation is different—everything is there, if you have the money.

[A. Shokhin] That is, in general, true. It's only that this does not pertain everywhere or to everything. Therefore, despite our government's liberalism, the recommendation was adopted to study the situation attentively, particularly with regard to bread stores. It was recommended to the local authorities that they take those stores under special control, and to assure that the pledge that was taken when concluding the contract is observed and that the basic characteristics of the store do not change for a period of several years. It is another matter that, for the government, it was essential to give the local authorities more space for maneuvering. Because the situation that is currently developing is that they are simply required to privatize, to commercialize, etc. But certain people would like, for example, for the bakery shops to be handed over not to their salespeople or to some other private individual, but to bread combines. Then those combines, after they have been privatized, will worry about always having inexpensive bread to sell.

[A. Nadzharov] In the government, Aleksandr Nikolayevich, you are responsible for resolving foreign-economic problems. Here too we have innovations—recently the Agency for International Cooperation and Development was created. Am I correct in thinking that it will coordinate aid from the West?

[A. Shokhin] Agencies like this exist in many countries—both in donor countries that provide both financial and technical aid to the developing countries, and in countries that receive that aid. We view this agency as a structure that will engage in foreign investments in Russia, that will become the main coordinator of the technical aid that is being carried out by international organizations such as the Commission of European Communities, the World Bank, the European Bank, as well as by the governments of the western countries.

Finally, that agency will be the World Bank's main partner with regard to credit provided by it.

[A. Nadzharov] All this is good. But, in one form or another, something like this has already existed. In particular, definite individuals in the government apparatus have coordinated the receipt of foreign aid.

[A. Shokhin] That is correct. But new and very promising ideas have appeared now. For example, on the basis of the former centers of Soviet culture and science we would like to create structures that would carry out several functions simultaneously. For example, the function of the refuge of the Russian Diaspora abroad; the functions of Russian chambers of commerce that, supplementing the trade representations that are state institutions, would become a place where potential partners could find one another and obtain the necessary information.

[A. Nadzharov] Am I really to believe that we are discussing the restoration, with all its show-purpose rights, of the unforgettable Union of Soviet Societies of Friendship and Cultural Ties?...

[A. Shokhin] That is what we would want to avoid. The new structure must initiate the creation of independent structures, including commercial ones. But, at the same time, state ones also. There is such a concept as the formation of state cooperatives. We would like to create several of them. Naturally, under Gosbank supervision. So that they would work here and abroad with the investors and the international agencies.

[A. Nadzharov] Could you please be more specific?

[A. Shokhin] What I have in mind is having this kind of agency conclude agent agreements with the existing structures. For example, we are obviously in need of a bank for project financing. One such bank, practically speaking, has already been created on the basis of the Central Bank of Russia with a large amount of participation by the European Bank of Remodeling and Development. But it is not precluded that we shall have to form a structure that would engage in providing expert evaluation of large-scale projects and in selecting them.

[A. Nadzharov] But that structure must not be a state structure.

[A. Shokhin] Of course. It must be a normal bank. The people there must work according to the criteria of an investment bank in the West. But it will be monitored by the Russian state, for which purpose we shall start up a mechanism of guaranteeing credit and guarantees for projects. For certain projects it will be necessary to carry out direct governmental support. Of course, there will also be purely commercial projects.

[A. Nadzharov] Could you please say a few words about so-called technical aid from the West?

[A. Shokhin] Technical aid is a collective term that presupposes personnel training, the carrying out of technical-economic studies for various projects, and other forms of aid that presuppose the participation of

Western consultative, legal, and financial firms. The peculiarity of technical aid programs consists in that the money remains in the West, but Russia enjoys the results of the use of that money. Properly speaking, the money is issued to Western firms to be used for projects in Russia.

[A. Nadzharov] Investments even for technical purposes always frighten the red-browns. It's like selling your Homeland, they assert.

[A. Shokhin] As far as "selling your Homeland" is concerned, the scope of attracting foreign investments to Russia—something of the order of \$800 million a year—does not allow one to assume that some kind of bargain sale is in progress. As far as the essence of the question is concerned, generally speaking, what would become a bargain sale of the Homeland would be the conversion of Russia into a stable raw-materials appendage and, as a consequence, the exhaustion of its natural resources in exchange for eating up all the national resources through import. Which, incidentally, is what our predecessors successfully engaged in. Therefore we can talk about direct investments in production, which should be encouraged in every way.

[A. Nadzharov] However, direct investments are the penetration by foreigners into the domestic market and giving them access to national property.

[A. Shokhin] If we are speaking about the participation of foreign investors in privatization (and currently this is one of the main problems), then actually the scheme that is currently being implemented does not allow the foreigners to count of their becoming the masters of life in our country. This is primarily because, in the privatization of state property, the share of worker collectives is very great. In addition, a considerable share of the property passes through voucher privatization. For many enterprises, it makes absolutely no sense for foreigners to participate in their privatization on an ordinary basis, because they will not be able to obtain the necessary control over the enterprise. Therefore, at the first stage, the only construction sites that can be proposed to foreign entrepreneurs are sites with uncompleted construction—those that we, obviously, cannot erect ourselves, and where there is no place from which we can get funds even to mothball them.

[A. Nadzharov] All things considered, serious currency funds are not being offered to us in a real way. And private business has not arrived in Russia.

[A. Shokhin] Why is that? Direct foreign investments are private investments. In our country right now, foreign capital appears in two forms: in the form of direct investment by foreign firms, and in the form of credit. So, credit actually can mean the same enslavement. Because in this instance it will be necessary to give the money back, and in greater quantity than it was taken. So investment is no longer our risk, but the investor's economic and political risk. Incidentally, we are planning to create an international fund to insure political risks, which fund would provide guarantees to foreign

investors against such "unpleasantnesses" as expropriation, the inconvertibility of the ruble, the possibility of repatriation of profit, etc. For our Western partners this is very substantial.

[A. Nadzharov] Risk is risk, but there are also much simpler reasons why the investor is not coming here: a foreigner without well-organized everyday living and working conditions is simply lost.

[A. Shokhin] That's completely correct. Even from Moscow it is not always possible to send a fax, or simply to make a telephone call. In the West it is otherwise. Recently I got a telephone call from a former associate who is currently working at the European Bank of Remodeling and Development. He was breathing rather heavily during the conversation. I asked him what had happened. Nothing, he said. It's simply that I am walking from the bank across Piccadilly and am simultaneously talking to you on a portable telephone. But in our country people spend hours turning that damned dial in order to communicate some important piece of news. The lack of telecommunications and of an information infrastructure is a very serious factor that can make it difficult for foreign investors to come specifically to our country.

[A. Nadzharov] And, of course, that also pertains to the classic items in the infrastructure—the roads and airports—doesn't it?

[A. Shokhin] Of course. Therefore we ought not to count on having foreign investors come running to us. In addition to ourselves, there are a lot of tasty tidbits in the world. True, they will be very happy to come to us to get into such branches as the petroleum and gas branches. But when it is a matter of mineral wealth, of natural resources, throughout the world rather rigid state supervision is being established.

[A. Nadzharov] Petroleum and gas. Let's add gold and diamonds. But aren't there in the world technological niches into which the first-class Russian output could penetrate?

[A. Shokhin] We actually do have several areas where it is possible to participate on equal terms. For example, when we were preparing the president's visit to Japan, we presented to the Japanese side several of the most highly technological projects. For example, the construction of a supersonic small passenger aircraft that can fly from Tokyo to New York in several hours, at a speed twice as fast as previously. There is also such a project as the extraction of uranium from sea water. We do have the technology. Or take composite materials, metal-ceramics, etc. We can propose the construction of a transcontinental fiber-optics system via Russia and all of Europe to Japan. That is, we have projects for highly technological cooperation. There are also a lot of those in which we accept foreign investments for purposes of restoring the Russian economy, in which we are equal partners, in which we could go out jointly into the markets of third countries, use our high technologies, and combine them successfully.

[A. Nadzharov] Why, then, have things come to a standstill? What is hindering this?

[A. Shokhin] We are fighting with the Americans to be permitted—forgive me for using that word—to carry out commercial launchings of satellites from our own space centers. That is, the market there is already limited. The Americans are afraid, of course, that prices will fall. And we actually can launch them more inexpensively. Currently the government is fighting for equal conditions in international trade, and for equal access to world markets. For us currently it is very important to remove the accusations of dumping. Therefore we are ready to introduce elements of price regulation, to accept certain quotas, firm monitoring of export, etc. But there are definite limits here too. Many limitations that are being introduced, for example, by the United States, are of an obviously political nature.

[A. Nadzharov] Did you manage to convince the Americans of your rightness?

[A. Shokhin] I think that people in the United States have become aware now that we shall not accept demeaning terms.

[A. Nadzharov] Does that mean, then, that the only obstacle is protectionism?

[A. Shokhin] Yes, and not only for the high technologies, but also for such exchange commodities as aluminum, uranium, and textiles.

[A. Nadzharov] But how can one fight this protectionism?

[A. Shokhin] Well, first of all it is necessary to monitor very precisely our relations with the nearby foreign countries.

[A. Nadzharov] Why?

[A. Shokhin] Because re-exporting is occurring through our former union republics. And in the West a very rigid rule operates: the country that is considered to be the exporter is the commodity's country of origin. That is, in this instance Russia. If, for example, one sees in the world market supercheap textiles, aluminum, or titanium with copper which were shipped from Estonia, they still are considered to be Russian, and Russia is the culprit responsible for violating the world-trade rules. Therefore we currently, when concluding agreements concerning free trade with all the former republics of the USSR, including the Baltic countries, rigidly stipulate the re-exporting mechanism so that the commodity will proceed only with our written authorization, under our monitoring.

[A. Nadzharov] Speaking about the influence of the relations within the former Soviet Union, we cannot fail to mention the problems linked with the common pledges to pay the foreign debt. Has the rigid position of the former USSR republics changed? I have in mind collective responsibility for the indebtedness.

[A. Shokhin] At the present time there has formed a general opinion with which even Ukraine has agreed: that the mechanism of collective responsibility is dead.

[A. Nadzharov] Well, then, what now?

[A. Shokhin] We have agreed to discuss with one another and with our creditors several alternatives for various mechanisms to servicing our foreign debt. With most of the states in the former USSR we have signed a so-called zero alternative, according to which all the shares accruing to those countries in the assets and liabilities transfer to Russia. Our state is completely and entirely responsible for the debts, and, in exchange, gets a corresponding share in the assets. True, Ukraine is not yet ready to transfer its debt assets to Russia. For a number of reasons, including, primarily, political ones. A second alternative for resolving this problem proposes that Russia manages the assets on behalf of and on instructions from Ukraine, which continues to participate in the servicing of the debt, laying a claim, of course, to a share in the assets. But all this goes to the outside world, to creditors, through Russia. And Ukraine and Russia are coming to an agreement between themselves. There is a third alternative—dividing the debt, which is not very desirable: each answers for himself. Because it is terribly difficult to divide the thousands of debts and credit. For us this is a big squabble and a waste of time.

[A. Nadzharov] Which alternative will be chosen, then?

[A. Shokhin] It is not precluded that we will propose several alternatives to the Paris club. Then they can make that choice themselves and settle the dispute between us and Ukraine.

[A. Nadzharov] But, in general, is it possible to consider these debts to be beyond our strength or to be not very heavy?

[A. Shokhin] Well, in and of itself, the extent of the debts is not a terrible burden. The current servicing of them has become a heavy load. That is, sooner or later, it is possible to settle accounts with these debts. Especially since we must do that.

[A. Nadzharov] Might it be worthwhile to sell these debts?

[A. Shokhin] There's a delicate detail here—it is necessary to have one seller. It is impossible to gather together all at once a large number of people and decide by a vote which alternative to adopt, how much interest to charge, or how much to give back through which firm. That is, once again it is necessary for us to come to some understanding with the former union republics.

[A. Nadzharov] Is that happening?

[A. Shokhin] It would seem so.

[A. Nadzharov] But what does this give to Russia with regard to further cooperation with the West?

[A. Shokhin] We do not conceal our feeling that if the fact of the death of the mechanism of collective responsibility is firmly established and the Paris club realistically evaluates Russia's capability to service the foreign debt, we shall obtain an extension to pay it off. If we obtain an extension, the burden of servicing the foreign debt, according to which Russia, in this year alone, must pay \$20 billion, in the next couple of years will be minimal. During that time it will perhaps be possible to carry out these conversion operations: debts with debts. But we are not counting on skimming off any profit: to make a complete settlement, down to the zeroes—that is the blessing.

[A. Nadzharov] Recently the president stated that the state's currency income is falling. What has to be done to correct the situation?

[A. Shokhin] In order for the currency income to increase, it is necessary, first, for export to increase, and, second, for the currency income not to be concealed. Export, of course, because of the economic crisis, will not increase during the next few years. Our task is to stabilize it. Although perhaps it will be possible next year, by means of repairing the drill holes, to extract 16-20 million tons of additional petroleum.

[A. Nadzharov] But what about the concealment of the currency income?

[A. Shokhin] The traditional method is to use measures of administrative overview, and a rigid mechanism of currency and export monitoring. We are creating it. The Federal Service of Currency and Export Monitoring has already been formed, and the head of that service, who is not a member of the government, will in all other respects possess ministerial powers. This service must work in close contact with the customs office and with the Central Bank. And there is a second factor. We need favorable investment, entrepreneurial tax and other conditions, with which it is profitable to keep money in Russia.

[A. Nadzharov] Normal, would you say? But what about the ukase concerning the 100-percent sale of currency proceeds, starting 1 January?

[A. Shokhin] Personally I feel that this mechanism should not be started up so soon. In order to activate it, it is necessary, first to have guarantees that the proceeds won't disappear. Properly speaking, what is the Russian entrepreneur afraid of? Of course, losses, for example as a result of the unstable rate of exchange. Say, today he has sold his current proceeds at one rate of exchange, and then, tomorrow, when he goes to the free currency market or to the bank, to purchase currency to buy commodities, it turns out that the rate of exchange has crumbled and it takes twice as many rubles to make that purchase.

[A. Nadzharov] That is, the introduction of the sale of all the currency will be linked with the stable economic conditions?

[A. Shokhin] Of course. Before that, it is necessary to stabilize the ruble exchange rate, and, consequently, the entire financial system.

[A. Nadzharov] Incidentally, what do you think is its realistic rate of exchange?

[A. Shokhin] We feel that it is about 80 rubles to the dollar, if not less. Because it is absurd that, with the current rate of exchange, it is possible to make a round trip to St. Petersburg for one dollar.

[A. Nadzharov] Would it be possible for you make one more forecast: will import in Moscow increase or decrease within the near future?

[A. Shokhin] It depends on what kind. When we carry out negotiations with the Paris club and other international financial organizations, they assure us that we can export more—petroleum, for example—by reducing the domestic consumption and the shipments to the CIS countries. In their opinion, the import should be reduced, and the difference should be used to service our debts. But we carefully, day after day, explain that we cannot reduce our import, that in our country all these items are critically important.

[A. Nadzharov] What you mean by "critically important"? We can't take any more or we can't take any less?

[A. Shokhin] By "critical" I mean that this is import that is absolutely necessary for the country. I don't mean shoes or clothing, but food products, medicines, and components for those branches of industry that absolutely require them. They are textiles, light industry, and the food industry. In these branches, periods of idle time threaten the country with even broader unemployment. So we cannot reduce anything here, even if we have a very high self-interest in this reduction.

[A. Nadzharov] Nevertheless, it will apparently be necessary to reduce the import. What commodities, then, will be included on the proscription lists?

[A. Shokhin] First of all, vegetable oil and meat. First, there is no money, and, second, for a number of reasons large quantities of these commodities have already accumulated in the refrigerators at our wholesale bases. The situation has developed in which we cannot bring in meat or oil from other sources, otherwise we will undermine our own peasant.

[A. Nadzharov] Yes. Even when one speaks about foreign-economic problems, it is always necessary to return to the situation in the country. So here is a question in that regard: how solid is the position of the government of reformers?

[A. Shokhin] A large number of assumptions are currently being made on this score. And the further one goes, the more alternatives there are.

[A. Nadzharov] Why should one be surprised about this? Earlier, at the end of last year and the beginning of the

current year, entering into the government was equivalent to suicide. Now, when things are getting organized well, everything is completely otherwise.

[A. Shokhin] Yes, the key positions in the government, such as the minister of fuel energy engineering, of economics, of finance, and Goskommushchestvo. Now many people are striving to get those positions. However, with all our flexibility, I must note that there is a certain critical mass for positions that determine the face of the country's leadership. And, so far as I know, the president is well aware of this. With regard to the possible experiments with its makeup, I can say one thing: it will not be better. There are also objective circumstances, and the indisputable fact that the new government will have to prove its advantages by making definite changes. And those changes can proceed only in one direction—in the direction of a milder budgetary and finance policy. And this will inevitably lead to an increase in inflation and a rise in prices. I repeat: this is not because of somebody's ill will, but by virtue of objective causes. In addition, it is not precluded that there will be a derailment of the already almost completed reserve-credit negotiations with the World Currency Fund and with the Paris club concerning the extension of the debts.

[A. Nadzharov] In a word, there is nowhere that we can expect presents from. Could you, then, say a few words in conclusion. How do our partners in the negotiations evaluate the situation in Russia?

[A. Shokhin] We sent an inquiry to the Commission of European Communities for wintertime humanitarian aid. And although the basic decision-makers, as we know, stated in this sense that there will not be any starvation in Russia, nevertheless everyone understands that it is very important to stabilize the situation in order to assure the further advancement of the reforms. Therefore, in the West, people feel that it is best to support Russia once again.

Matlock on Investment Climate at International Conference in Moscow

9344043/1 Moscow NEZAVISIMAYA GAZETA
in Russian 27 Nov 92, p 4

[Interview with Jack Matlock, former U.S. ambassador to the USSR, by Eduard Goldshteyn: "Matlock: Investments Will Not Come Immediately but After the Resolution of Key Questions", first paragraph is NEZAVISIMAYA GAZETA introduction]

[Text] The chairman of the international conference "Doing Business With Russia" that was held in Moscow and that was organized by the English newspaper FINANCIAL TIMES was Jack Matlock, former U.S. ambassador to the USSR and now a professor at Columbia University. He agreed to respond to the questions of NEZAVISIMAYA GAZETA.

[Goldshteyn] What do you think about the current situation in Russia?

[Matlock] You probably remember that I left my post as ambassador to the USSR on 11 August 1991, a week before the putsch. Since that time, I have come here four times. The changes in recent months have given rise to a number of difficulties. But I also see many achievements. An important one is that interpersonal relations are changing. But the main achievement is that Russia is now a free country. Of course its economy is on the skids, but not from too much freedom. There is no system of market relations. It seems to me that all the people have realized that a new life has begun. It is my observation that the young people are adapting more rapidly to the new realities.

[Goldshteyn] How would you assess the state of reforms in the Russian economy?

[Matlock] It appears that it was a mistake to free prices before establishing a reliable set of instruments for market relations. Inflation increased because of the existence of monopolists producing and distributing commodities. I also think that it was a mistake to slow the pace of privatization. They are still debating about how to carry it out and how to use the vouchers. But the central problem is the private ownership of land. It is annoying that there are disputes in the Supreme Soviet but they are not really passing laws for the market.

Russia's banking system is not working dependably. This is not the fault of the bankers. I am convinced that the people in the banks are working conscientiously but the system itself has not yet attained the level of the new tasks. Delays in payments are a big problem. I read about payments between banks taking two months. For us that takes place in seconds electronically. I do not understand how a great country can put up with such a banking system.

Another example is the preservation of large-scale state enterprises. One cannot simply close them and throw the people out on the street. But they can be privatized. One can break them down into smaller enterprises and create competition. A normal market economy will hardly arise unless such problems are resolved.

But the main problem in political life is the preservation of democracy. Economic freedom and democracy are closely interrelated.

[Goldshteyn] How do you assess the economic policies of the Russian Government?

[Matlock] Basically it is reasonable, although the government inherited a difficult situation. The government is trying to do a lot and it is not its fault if it did not achieve everything that it intended. Parliament has not always helped it in everything. Parliament plays a special role in every democratic order. But I have the impression that not all members of your parliament see the future of Russia the way that the government does. I think that

there are members of parliament who are looking back instead of ahead. And this, of course, is delaying changes.

[Goldshteyn] What are your impressions of the past conference?

[Matlock] It was useful, especially for the envoys of Western business circles. We heard the reformers and representatives of "Civic Union" and other directions and approaches. We heard everyone except perhaps the extremists. There continues to be great interest in trade with Russia but it has still not determined to what degree it is necessary to welcome the interest in it on the part of potential investors. It would be very useful for the government and parliament to make firm decisions on key problems involving investments. There is no need to fear the investment of capital in Russia. It will be the basis for new technology, know-how, and better management. Russia will always be able to prevent the "domination of foreign capital." I think that domination is a myth. We have huge foreign capital investments in the United States. And this helps us. Foreigners built railroads for us and are creating jobs for Americans. Of course the foreigners in the United States are subject to our rules and laws, which is a matter of course.

In my opinion, one should not seek the help of Western governments but rather that of the private sector.

[Goldshteyn] How do you assess the speeches of Chubays, Gerashechenko, and Volskiy at the conference?

[Matlock] It is not for us foreigners to judge that. But I think that the policies of the previous leadership of the TsBR [Russian Central Bank] did much to stimulate inflation. This cannot be denied. It is also clear that the custom of Russian businessmen to keep money abroad is strengthening inflation. It is preferable to have a rapid process of privatization and democratization, which will help to overcome the problems caused by the existence of the monopoly state enterprises. In my opinion, their time is up. This is an unprofitable means of production. We in America have become convinced that our state enterprises are incapable of competing with private enterprises. I will also say that if hyperinflation cannot be avoided, then the fate of the reforms will be doubtful. No economic tools can work without hope and a solid currency.

[Goldshteyn] Who will then dare to do business with Russia?

[Matlock] If I were in the place of the Western investor, I would study the situation carefully. If it were a matter of a large sum, I would wait a little until the atmosphere clears. But if they are not very large sums, then one can take the risk. You must understand that under the present conditions the risk is great for foreign investors. And this means that investments are possible only in favorable areas. I will also add that the existing legislation is vague. Only in a stable situation will foreigners begin to risk large investments.

Possible Reallocation of Turkish Credits Cause for Concern

934404194 Moscow IZVESTIYA in Russian 8 Dec 92
Morning Edition p 7

[Article by Konstantin Eggert. "'Children's' Credits From Turkey Divided Behind Closed Doors"]

[Text] Istanbul's Koch Company is making ready to establish a chain of food supermarkets in Moscow. Another company from the shores of the Bosphorus—Migros—is opening a pharmacy in the capital, while one of the largest commercial banks of Turkey, Guarantee Bank, has opened the doors of its Moscow branch.

These facts are just some indications of what many consider to be the beginning of a "Turkish invasion" of the Russian market. The dynamically developing economy of our southern neighbor is an offspring of the reforms begun in the first half of the 1980s by the current president, who was then prime minister of Turkey—Turgut Ozal. And while Russia remains a complex and not entirely understood partner to the no less dynamic and assertive Taiwanese and South Koreans, decades of cooperation with the former USSR have provided Turkish entrepreneurs with experience that they are successfully employing in the hope of securing a place in the potentially largest market of the 21st Century.

Private Business Paves the Road

Before, contacts were established with large state export-import associations of the former Union. Today they are multiplying in the sphere of newborn private business in Russia. Over 30 Turkish firms have already opened their offices in our country. But there is something that is even more important for us: Ten Russian nonstate companies have representations in Turkey.

The Russian Chamber of Commerce and Industry—the successor to the USSR Chamber of Commerce and Industry—can play a major role in developing direct ties between Turkish and Russian businessmen. While the latter was always a bureaucratic office, under the conditions of gradual establishment of independent entrepreneurship its heir intends to become what such institutions are in most countries of the world—a binding link, a coordination center helping business people find partners abroad.

"The Turkish direction is one of the priorities in our work," said Andrey Zherdev, an expert of the Russian Chamber of Commerce. "Unfortunately, many are still under the influence of the stereotype: To them, Turkey is raisins, pistachios and leather jackets. But that was a long time ago! Consider at least Turkish-made communication resources or construction materials. Extremely high quality and relatively low prices cannot but attract the attention of our importers."

The opinion of the economic advisor to the Turkish embassy, Byulent Shakhinalp, is interesting: "Russia underestimates its own export potential, reducing it

basically to fuel. But you will probably be amazed if I point out that Russian motor vehicles have assumed first place among vehicles imported by Turkey in 1991."

On 10 November Stanislav Smirnov, the president of the Russian Federation Chamber of Industry and Commerce, signed an agreement in Istanbul with the Turkish Union of Trade, Industrial and Marine Chambers and Exchanges. It foresees exchange of commercial information, training and apprenticeship of Russian entrepreneurs in Turkish firms, and exhibitions.

Suleyman Demirel Proposes the 'Deal of the Century'

Energy raw materials are still the most important goods Russia is selling to Turkey. An agreement to deliver natural gas signed back in 1984 with the USSR is still in force. According to it, around a third of the deliveries are paid for by our neighbors in hard currency, and almost 70 percent is returned in the form of the goods and services of Turkish firms. The "gas contract" made it possible to increase commodity exchange between the Soviet Union and Turkey by over 3.5 times in seven years—from \$0.5 billion in 1984 to \$1.8 billion in 1991.

Russia actually inherited an entire complex of Soviet-Turkish commercial and economic ties. Ninety percent of the trade volume between Turkey and the CIS goes through our country. It can grow significantly if the idea suggested by Prime Minister Suleyman Demirel during his visit to Moscow in May of this year is realized.

He stated some thoughts about the possibility of sharply increasing Russia's share of Turkish oil imports, which presently total almost 20 million tonnes. As of today, Russia's share of this is only several hundred thousand.

In Demirel's opinion this figure could be increased to 3 and even 4 million tonnes, on the condition that as in the gas delivery agreement, payment is effected in the goods and services of Turkish companies. Because the bulk of Black Sea harbors are now under Ukrainian jurisdiction, Turkish firms are prepared to participate in reconstruction and expansion of Russian ports, and in modernization of the oil pipelines, which will support the flow of crude to oil transshipping complexes on the coast. The prime minister's bold plan is being studied in Moscow, which is interested in reinforcing its export potential, and oil extraction, which is presently undergoing a crisis.

The Mysteries of 'Children's' Credit

Russian-Turkish commercial and economic relations are of course not all rosy. The main problem is loans. According to information from Turkish sources, since 1990 Ankara has allocated \$1.3 billion for them, the bulk of which were used by Moscow to purchase consumer goods. Not long before the fall of the USSR the Bank for Foreign Economic Relations and the Turkish State Export-Import Bank (Eximbank) reached agreement to open a credit line of \$350 million. It was intended to finance construction of 17 plants producing various types of baby food and dehydrated milk by Turkish firms.

It became known from informed circles that over a dozen contracts were signed, feasibility studies were carried out and construction plans were drawn up in anticipation of this credit. In a number of cases land had already been apportioned to the future plants and ruble financing was started.

However, the board of directors of Eximbank has still not confirmed the decision to open the new line of credit. The Turkish side is making it sufficiently clear to the Russian government that it is uncertain of its ability to handle its debts. In the meantime there were persistent rumors in recent months that the credit may be reoriented upon financing projects with a faster monetary return—in particular, on construction of top-class hotels.

Although Turkish officials stated that this was impossible, Russian specialists were less optimistic. One of them noted in an unofficial interview in October: "In our country, everything is possible. The longer we delay resolution of the question of the \$350 million, the easier it will be to change the specific object of this credit. Those who find quick profits more important than the real needs of Russia can certainly join the game."

The expert turned out to be right. After the first meeting of the bilateral intergovernmental commission in Moscow in early November, a mention appeared in the documents of a possibility for channeling part of the assets intended for construction of baby food plants into the erection of office buildings in the capital. As it turns out, if the line of credit is opened (something that has not yet occurred), there will be less money to reinforce a vitally important sector than had been supposed.

According to available data representatives of the Ministry of Foreign Economic Relations put all of their force to bear against this development of events, but obviously other government structures found it more important to ensure a quicker profit from real estate. There are no guarantees today that the dispersal of such important credit will be halted, despite special instructions from the Supreme Soviet and the president, who place priority on the development of baby food industry.

A program that would be implemented by Turkish companies and would be capable of serving as a good motivation for developing mutually advantageous relations with benefits that would be felt in both countries is now in jeopardy.

Kuriles Issue 'Complicates' Russian-Japanese Fishery Cooperation

934404144 Moscow ROSSIYSKAYA GAZETA
in Russian 28 Nov 92 p 3

[Article by Vladimir Korelskiy, chairman of the Russian Federation Committee on Fishing: "Why The Sea of Japan Is Stormy"]

[Text] *The existence of a "territorial issue" is complicating the operations of Russia's Far Eastern fishermen*

and hampering cooperation with their Japanese counterparts. Commenting on this situation is Vladimir Korelskiy, chairman of the Russian Federation Committee on Fishing

...

The maritime region surrounding the South Kurile Islands and the Lesser Kurile Chain is one of the most unique and highly productive regions, not only in Russia's 200-mile zone, but in the entire world ocean. The South Kurile Islands themselves (Iturup and Kunashir) and the islands in the Lesser Kurile Chain (Shikotan and Habomai) are relatively small, approximately 10,000 square kilometers. However, the maritime zones adjacent to them cover over 200,000 square kilometers in the economic zone of Russia and the Far Eastern region. That zone (including the adjoining continental shelf) is the primary habitat for the most valuable commercial species: salmon, crabs, sea urchins, scallops, trepang and sea kale.

Fishing boats from all regions of the Far East operate in this large region, which also opens on the Sea of Okhotsk. In some months of the year it is virtually the only region that is favorable for large-scale fishing operations. Each year Russia's fleet alone harvests up to 1.5 million tonnes of fish and other marine products there. That is 20-25 percent of our catch of such valuable species as *ivasi* [herring family] (300,000-350,000 tonnes), *mintay* [cod family] (400,000-500,000 tonnes) and salmon (30,000-40,000 tonnes), and virtually all of our *savra* [mackerel family] and many other species of fish. The sale price of those catches is R32.1 billion [rubles]. The value of fixed capital at enterprises located in the South Kurile Islands is estimated at R600 million.

It is clear that loss of this fishing region would have a disastrous effect on the fishing industry not only in the Far East, but throughout Russia. Our country would lose one-third of its raw material for the canned fish industry and almost 40 percent of total catch in its economic zone. That would inevitably lead to a drop in fish production and worsening of the food supply.

It should also be borne in mind that the Japanese side is attempting to achieve a strategic objective by getting Russia to turn over these islands—they want to have a 200-mile zone opening on the Sea of Okhotsk. That would permit Japan to claim *mintay*, cod, herrings, salmon, crabs and other valuable commercial seafood resources which presently belong to Russia alone.

That is why—no matter how relations develop between Russia and Japan—losses in the amount of fish caught should not be permitted in any negotiations over the Kurile Islands or the economic zone and continental shelf in the vicinity of the South Kurile Islands and the Lesser Kurile Chain.

Cooperation between Russia and Japan in the area of fishing is based on three intergovernmental agreements. They regulate mutual fishing rights in the two countries' 200-miles zones, fishing for salmon of Russian origin in

the Northern Pacific and Japan's 200-mile zone, and mutual efforts to preserve, make efficient use of and monitor marine biological resources.

Each country establishes an annual quota for fishing boats from the neighboring country, a breakdown of catch by species, permitted fishing areas, and specific rules governing fishing operations within its zone. Joint research is underway on little-known and undeveloped populations of marine life, particularly in the vicinity of the South Kurile Islands. We are working together to ensure the reproduction and optimum use of biological resources in the northwestern region of the Pacific Ocean; toward that end we are doing joint studies of marine populations and improving our methods for harvesting, breeding and processing of live resources in the sea and in fresh water.

Direct contacts between Russian fisheries and Japanese fishing companies are developing quite actively. Over 30 joint ventures have been established and are operating successfully (primarily in the Far East). They are engaged in construction of plants to breed salmon, study resources, and study the state of the fishing industry in the Far East and effective placement of Japanese investment in directed programs for modernization of that industry and creation of a modern infrastructure.

However, development of this mutually advantageous cooperation is being hampered by a number of restrictions which exist in Japan. For example, restrictions on entry by fishing boats into Japan's ports, on fleet repair and modernization, on the sale or leasing of fishing boats, on establishment of import quotas on some types of fish products and on capital investment in the Far Eastern fishing industry. In a number of cases these restraints on fishing cooperation (at both the official and unofficial levels) are exacerbated by the existence of a "territorial issue."

Cooperation is also made more difficult by the significant number of Japanese fishing boats violating regulations governing fishing operations in Russia's economic zone and violations of territorial waters. These are largely due to the large number of small Japanese fishing boats and a vestige of the formerly unregulated fishing along our shores.

Russia and Japan definitely have a good chance to develop economic cooperation, particularly in those regions' fishing industry. Naturally that must occur on an equal and mutually advantageous basis. In our opinion that could be encouraged by the development of a joint plan to modernize the Far Eastern fishing infrastructure so that it will be capable of exploring, harvesting and processing live resources on a high technical level. It would be advisable to attract Japanese insurance companies and the capital of large Japanese companies to help renovate Russian onshore facilities and the fishing and processing fleets on terms which will guarantee profits and protect the funds thus invested.

We must reach agreement on participation in the near future by Japanese specialists and experts in the development of a market structure and establishment of a consultative center for management and development of measures to implement investment policy.

We must expand our joint studies of biological resources, including research done on the basis of private agreements between individual fishing organizations in both countries. The findings of that research should be taken into account when national measures are taken to preserve and make efficient use of commercial resources and allocate unused resources within the 200-mile zones and beyond their boundaries.

In order to achieve these goals it would be appropriate to create a joint Russian-Japanese center for the study of raw material resources in the northwestern Pacific (including the Kuril Islands and Hokkaido), as well as a Russian-Japanese-Korean center for the study of resources in the Sea of Japan.

We must expand the volume of "fish for fish" exchange operations to 1.0 million tonnes per year (for vast, scomber [mackerel], savor, mintay, etc.) and lift restrictions and import quotas on imports of fish and other marine products to Japan from Russia.

Japanese ports should be opened to visits by the Russian fishing fleet, or at the very least the number of ports should be expanded on a subsidized basis.

In our opinion implementation of these comprehensive measures would foster mutual understanding and trust between Russian and Japanese fishermen and the peoples of our two countries. There are enough fish and marine products in the Far East for all the people who live in that region. We must simply respect our neighbors' interests and not harvest the ocean's bounty heedlessly, instead working together to preserve and multiply that bounty.

'Nongovernmental Experts' on Expanding Ties With Japan

944104084 Moscow ROSSIYSKIYE VESTI in Russian
2 Dec 92 p. 2

[Articles by Oleg Bondarenko and Olga Sudakevich
"Two Views Through La Perouse Strait"]

[Text] Following the end of his visit to the Republic of Korea, in an interview with journalists at the airplane ladder Boris Yeltsin said: "This was the first penetration by the President into Asia, toward the East. ... We had to switch from an orientation toward the West to an orientation to the East. And this was a correct step."

The "orientation to the East" in Russian foreign policy is doubtlessly associated with Russian-Japanese relations as well. The mass media have once again started talking about a possible visit by the Russian president to Tokyo. All the more so because in that interview with journalists,

Boris Nikolayevich emphasized the following in a response to a question on Russian-Japanese relations: "We must work normally with Japan. Postponement of a visit to Tokyo does not in any way signify a break in our relations. We will cooperate on the economic and political planes, and agreement will be reached in relation to a visit." Regarding territorial issues, Boris Yeltsin said that some softening of Japan's very rigid position in relation to the four Kuril Islands will apparently occur. Then a corresponding reaction will follow from the Russian side. The same certainty was also expressed in a letter of the Russian president to Japanese Prime Minister Miyazawa, sent on the eve of his departure for South Korea. It contained the wish that the foreign affairs ministries of both countries would find compromises that would allow for a visit by the Russian leader to Tokyo, although an exact date was once again not named.

While state politicians are examining the possibilities of a new visit, ROSSIYSKIYE VESTI looks to the opinion of nongovernmental experts.

'Moscow: We Will Establish Cooperation, and Differences Will Disappear,' by Oleg Bondarenko

In the very center of Moscow, on Yelizarova Street, there is a small detached house with a succinct sign on its front door: "Foreign Policy Association." This organization makes no secret of itself, but not that many in Russia know of its existence. In the meantime the Foreign Policy Association, which was established around two years ago by Eduard Shevardnadze, is widely known in the civilized world. I am talking with Aleksandr Bessmertnykh, the former USSR minister of foreign affairs, who became president of the association following Shevardnadze's return to Georgia.

"Aleksandr Aleksandrovich, relations between the USSR and Japan, and now between Russia and Japan, have always been troubled by the territorial dispute. The delicate problem of the Southern Kurils has long occupied the minds of politicians, the press and many common citizens of both countries as well. What is the position here of the Foreign Policy Association, of which you are the head?"

"This was a problem I had to deal with even back when I was serving as the minister of foreign affairs. I studied numerous materials and documents in the archives, and pondered long on what to do. During a trip to Tokyo I spoke with the Japanese prime minister, members of government and representatives of business circles of this country.

"It became clear back then that the time had come to settle our territorial differences with our Eastern neighbor. And the present Russian government has displayed great courage by assuming this position as well.

"At the same time we were deeply troubled that just a few days before the planned visit to Japan in September, Boris Nikolayevich Yeltsin was given 12 (!) versions of

the future destiny of the disputed islands for examination. Our president was placed in an extremely difficult position prior to his Tokyo trip. I feel that this was the worst mistake people making preparations for the visit could have made."

(By the way, I know of no precedent in diplomatic practice where under similar circumstances the head of state has been offered not two or three versions of a solution to a complex problem, which is the commonly accepted norm, but many times more.)

"I and my associates in the Foreign Policy Association feel that in examining the matter of the Southern Kurils and unconditional recognition of the presence of a territorial problem, we need to develop clear tactics of our behavior in its solution. The principle of fairness should be selected as the main approach. And then we need to account for the national interests of both states as fully as possible. And finally, this must be the kind of decision that will not elicit another upwelling of emotions in our already unstable society, and one which would not intensify the opposition between the different political forces. Let me note that all of these prerequisites are quite clearly known and understood by the Japanese."

"And one last thing. I would like to raise an objection to today's assertions that supposedly transfer of the Southern Kurils to Japan would just about automatically result in an immediate influx of its capital into Russia and establishment of close economic cooperation between our countries."

"It is about time to free ourselves of this illusion! In similar approaches to establishing good-neighbor relations between countries, we have already been burned in the past on several occasions. I stand closer to a different point of view. Let's first establish a major channel of cooperation in economics, politics and culture, and then, after that, in a more favorable situation we can begin to iron out the existing differences."

"I presented this point of view to the Japanese. This approach did not of course cause them any special delight. Nonetheless I felt that pragmatism is still the rule in Tokyo. As is equally so the understanding of the immutable fact that dealings with Russia should proceed in an atmosphere of tranquility."

**'Tokyo: We Have Many Problems of Our Own,' by
Olga Sudakevich**

While the Russian economy has its problems, it turns out that Japan also has its own problems. The world crisis finally reached it, and Japan, which has enjoyed economic well-being for many years, has entered a phase of protracted decline, together with the accompanying political scandals.

In the opinion of most local economists, experts and businessmen the sharp drop in the exchange rate of

stocks and land prices following their speculative explosion in the mid-1980s will have serious negative consequences to the economy of the Land of the Rising Sun in the immediate future.

The Japanese newspapers are already carrying reports of decreases in the incomes of the leading corporations and a drop in the sales volume in Tokyo's largest trade centers. They write that the principal manufacturers of electronic equipment, which include such pillars of Japanese and world industry as NEC Corp., Matsushita Electric and SANYO, announced that they would freeze the annual bonus (the regular payments of large monetary rewards to a firm's associates are analogous to our semiannual bonuses and "13th-month" pay). But more than that, NEC Corp. and SANYO have decided to give part of this bonus out not in cash but in the form of certificates that can be redeemed for goods manufactured by one's company.

(You must agree that the situation is similar to the Russian one. Giving goods as bonuses is not that new an idea in the Japanese economy, by the way. Following World War II and until the beginning of the 1950s, this was a very widespread practice. Thus, one chemical company issued fertilizer to its associates so that they could exchange it for food from farmers.)

There is even increasingly louder talk in Japan about possible reductions in company personnel, which is extremely uncharacteristic of the Japanese system of lifetime employment, and which has not occurred here since the times of the world oil crises of the 1970s.

All of this cannot of course be good news. And not only because a crisis, no matter where it occurs—here or in their country—is still not the best thing that an economy can undergo. It is true that in contrast to the Russian situation we can be 100 percent certain that the Japanese will surmount the crisis, as they have all other previous economic cataclysms. But we Russians are troubled primarily by this. Is our richest Eastern neighbor able to aid our economy?

It should be said right away here that the word itself "aid," which implied loans from the Japanese, caused embarrassment in most of the persons I interviewed, even when I added the adjective "economic."

"It's strange to hear talk about aid, about new loans, when the old debts have still not been repaid to Japanese companies," said Mr. Dzinnoti, assistant chief of the textile equipment supply department of the commercial firm Marubeni [transliterations]. When asked whether Japan's position in relation to aid to Russia would be influenced more by the economic depression than by unresolved political issues, Mr. Dzinnoti replied: "No. We simply have no possibilities today for doing business with the CIS and Russia. You haven't established the viable legislation and the political and economic system required for this, and you haven't formed new structures for normal business relations. This system did exist before, when the USSR existed. We knew our business partners, but now we are unable to answer the main questions: With whom do we conduct

negotiations, where will loan money go, for what purposes, and who will decide on its disposition? Like it or not, the bank warranty responsibilities we obtained earlier from the USSR are no longer recognized by anyone. We will doubtlessly look at countries of the former USSR as business partners in the future, but for the moment, mutually advantageous business cannot exist."

It would be worth heeding the words of a Japanese businessman who worked for many years in our country and who is well aware of the real possibilities of the Russian market.

There is of course a different view of Russian activity among Japanese as well. "The transition in Russia from the old administrative system to a more democratic society, to a market is not an easy thing. The difficulties and instability that your country is experiencing are unavoidable," feels Doctor of Economics Tsuruta, a professor at Tyuo University [transliterations]. "It is Japan's duty as an economic power to the world community to provide what aid it can to Russia and other countries of the former USSR in order to soften the negative manifestations of the transitional period." The professor is convinced that Russia will certainly transform out of an aid recipient into a power providing assistance to the needy. As far as the problem of the four islands of the Kuril chain is concerned, Doctor Tsuruta feels that what is important in the modern world is not the right of ownership of territory but more so the right to work on it. The possibility of joint economic, effective use of capital, of natural and human resources and of technology, and not only of the four islands but of the Far East as a whole, would be mutually beneficial both to Russia and to Japan. Of course my subject did stipulate that his point of view is not shared by most Japanese.

Mr. Utida is the director and a board member of the Japanese federation Keydanren [transliterations], which unites the biggest representatives of Japanese business. He believes that people who try to categorize Russia as a Third World country are wrong, that the situation in Russia and the CIS "differs from the situation in developing countries—for example in Bangladesh, which is experiencing a vital need for immediate deliveries of foodstuffs and for humanitarian aid. While it is said that there are no goods in Russia, this is not entirely true. Goods are there, but they simply are not getting to the people that need them. Under these conditions no matter how much aid Japan may render, would do Russia any good?" In Mr. Utida's view our country has sufficient resources to surmount the present crisis. Japan is interested in cooperation with Russia—permanent and stable cooperation. For example in joint development of oil and natural gas in Siberia and on Sakhalin, with Japanese investments. This would be beneficial to both countries, but it would be so to Japan only in the event that it possesses firm guarantees of stable deliveries of oil and gas in the future.

The opinions of the three subjects of my interviews differ. But all of them were unanimous in one thing. If there is one thing that our countries really need, it is not unilateral aid

from Japan but cooperation that can become possible only when both sides take steps to come together. Russia has no alternative other than to begin putting its home in economic order by itself. By doing so, strange as it may seem, we will also help Japan, which needs foreign markets and dependable foreign partners; later on, it will be able to help us in turn. There can be no doubt about that.

Russia-CSFR Commodity Turnover Reviewed

934A04304 Moscow NEZAVISIMAYA GAZETA
in Russian 27 Nov 92 p 4

[Article by CSFR trade representative Roman Paldan, "Dollars Now, Goods Later. Or the Other Way Around: But Goods for Goods Is Preferred"]

[Text] "Shares Now, and Oil Later, or the Other Way Around" was the title under which an article by Oleg Polukeyev was published (NEZAVISIMAYA GAZETA, No 199). In it, the problem of the decrease in commodity turnover between Czechoslovakia and Russia was noted. This advisor, envoy and trade representative of the CSFR decided to share his thoughts on this subject.

That integration of the economies of our countries was deep could have been judged from the appearance of Soviet people and the appointments of their living areas. Each year they acquired 20 million pairs of Czechoslovakian footwear, 20 million articles of street clothing and 4 million square meters of carpeting. And on the whole, until the year before last, trade between Czechoslovakia and the USSR was the greatest in volume and most important in structure. The Russian Federation was then responsible for 68 percent of our exports. And we imported from the USSR 100 percent of our oil, lumber and tin, 99 percent of our natural gas, 80 percent of our aluminum, 60 percent of our mineral fertilizers and synthetic ammonia, and so on. Almost half of the orders placed with the Czechoslovakian machine building complex were from the USSR. Let me recall the traditional deliveries, which were responsible for a large part of the machinery fleet on a sixth of the Earth's land surface (see table).

Tatra and Avia trucks	150,000 units
Alfa refrigerated trailers and IIAZ tractors	45,000 units
Agricultural machines of various types	43,000 units
Road building and construction machinery of different purposes	40,000 units
Refrigerators for food industry	16,000 units
Streetcars	14,000 units
Trolley buses	8,100 units
ChME-3 diesel locomotives	7,500 units
Ship diesel engines and diesel generators	6,500 units
Electric locomotives	2,500 units
Engines for Belaz trucks	3,100 units
Wheeled logging tractors	2,900 units
Technical vessels	450 units

Almost 3 million motorcycles need to be added to this. Radar and navigation equipment manufactured in Czechoslovakia is used in all airports of the former USSR. And let's not forget the complete deliveries of entire plants of a metallurgical profile, as well as plants producing carbamide and bricks, and food processing plants.

However, in comparison with 1990, because of the transition to settling accounts in convertible currency, and for other reasons, commodity turnover decreased by a factor of two in 1991, while deliveries to your country dropped even more. This year another decrease occurred. And the negative balance in Czechoslovakia's trade with the Russian Federation and republics of the former Union is nearing \$1.5 billion—that is, the value of what we are purchasing is this amount greater than what we are selling. Moreover if commodity turnover in relation to all states of the former USSR is over \$3.2 billion today, then Russia's share is \$2.7 billion. Czechoslovakian imports from the Russian Federation are dominated by fuel and energy resources and raw materials—90 percent, while exports are dominated by machinery and equipment—37 percent, articles of processing industry—33 percent, and consumer goods, medical equipment and food—18 percent.

The mechanism of reciprocal commodity turnover was established for this year by an intergovernmental treaty and a special banking agreement. The hope was that these documents would make it possible to preserve the level of reciprocal trade, and prevent any further increase in debt, as happened in 1991. I will return to this important and very painful problem below. But it was soon revealed that the levers and stimuli used to encourage Russian exporters to fulfill the stipulated volumes of deliveries turned out to be inadequate.

The problem of Czechoslovakian exports into your republic is aggravated by changes in the system for selling foreign goods. Because of the sharply rising exchange rate of the dollar, many Russian enterprises do not have adequate possibilities for covering Czechoslovakian deliveries 100 percent with rubles. Initially the deliveries were stipulated by intergovernment agreements, and their attractiveness was increased by introducing a system that was advantageous to your side.

Nonetheless, despite certain optimism in regard to reciprocal trade based on direct payments in convertible currency and based on barter between Russian and Czechoslovakian enterprises, the participants cannot be satisfied with today's state of affairs. Development of

mutually advantageous exchange continues to be hindered by the state monopoly that has still not been eliminated from foreign trade, by the need for licensing products for export centrally, and by what I see to be customs duties that do not do enough to stimulate growth of commodity turnover. But the main problem is banking services. Indefinite freezing of accounts in freely convertible currency occurs.

By the way, we also have barriers that prevent the necessary development of foreign trade. Without waiting for their final elimination, we are simply obligated to at least partially activate the commodity turnover mechanism that was established this year, and focus effort on its further development in 1993 with consideration for acquired experience. This is a logical continuation of the relations that have evolved between us, where both sides recognize the advantages of expanding economic cooperation.

Besides the so-called government level, other prospects are also becoming evident. The recently established Rosskontakt Joint-Stock Company, a Federal corporation which is interacting closely with corresponding Czechoslovakian organizations, also intends to restore broken ties between enterprises of our countries that are interested in one another.

Nonetheless, indebtedness continues to be a stumbling block. A joint commission under the direction of Mr. Rabotvazhev, the Russian Federation deputy minister of foreign economic ties, and Mr. Rudlovchak, the Czechoslovakian deputy minister of finances, is currently working on this problem. Let me just emphasize that suits filed for deliveries that went unpaid last year have acquired special acuity on the backdrop of the former USSR's indebtedness to our country in an amount of \$4.9 billion. The amount of this nonpayment is \$400 million. And the largest share of this sum, \$122 million, is being sought by the Lokomotivka ChKD enterprise, which supplied ChM1-3 diesel locomotives to Russia.

I won't be revealing any secret if I say that the interest of our enterprises and entrepreneurs in trade with Russia is not weakening. The Czechoslovakian trade mission in the Russian Federation is exerting, and will continue to exert, the necessary effort to make commodity turnover grow. We need to work together to find ways to eliminate the barriers that keep us from saturating the markets of our countries with the necessary goods. Maximum expansion of deliveries of Czechoslovakian goods to Russia in exchange for what the economy of our country needs is seen as the solution to the present situation.

POLITICAL AFFAIRS

Parliament, President Cede Powers to Government

93UN0406A Moscow NEZAVISIMAYA GAZETA
in Russian 24 Nov 92 p 3

[Report by Vladimir Buyda: "Government's Supplementary Powers Confirmed. Parliament's Commissions Instructed To Enshrine Them in Current Constitution"]

[Text] The Supreme Soviet of Ukraine has legislatively approved a conclusive reallocation of functions of power in the republic and granted the new Cabinet of Ministers special powers. A law on the procedure of application of the law enacted earlier, limiting to an equal extent the powers of parliament and the president of Ukraine in the implementation of economic transformations, has been enacted. Henceforward, the government of the republic will have the right up to 1 March 1993 to issue decrees on economic matters having the force of law.

But whereas the president of Ukraine agreed to a limitation of his own power, the deputies, evidently, wished to reserve for themselves the right, albeit indirect, the right, nonetheless, of control of the actions of the government. The law which has been enacted specifies that all new decrees of the government will be presented for consideration to the Supreme Soviet and will take effect unless within 10 days a parliamentary veto has been placed on them. These government decrees may suspend laws of Ukraine enacted earlier in the economic sphere or individual parts thereof which are contrary to the content of the decree and are binding throughout the territory of the republic. Following completion of the term of the government's supplementary authority, its decrees will either be rescinded or revised by laws enacted by parliament. The deputies obviously want by the latter decision to emphasize that the government is being given authority only for six months and that they can revoke it at the end of the said time.

Parliament adopted the decree "Implementation of the Law on the Cabinet of Ministers' Supplementary Authority," according to which the law takes effect the day it is published in VIDOMOSTY VS UKRAINY, in the parliamentary newspaper GOLOS UKRAINY, and in the newspaper PRAVITELSTVENNYY KURYER. In addition, the deputies instructed the Supreme Soviet of Ukraine Commission for Legislation and Legality to prepare the corresponding revisions and addenda to the current Constitution of the republic. Both the new law and the resolution went through uncontested.

So a new constitutional procedure was approved in Ukraine on 21 November, whereby the civilized separation of the functions of power into legislative, executive, and judicial did not occur, but a structure of the executive—the Cabinet of Ministers—was strengthened and acquired a legislative footing. The Supreme Soviet and the president themselves assigned themselves the role of observers of what takes place and coordinators of the actions of the government, explaining this by the need

for the prompt implementation of economic transformations and extrication of the republic from crisis. Some politicians are calling what has happened a "quiet constitutional coup," but the main political forces of the republic, reluctant openly to acknowledge the ineffectiveness of the previous anticrisis actions of parliament and president, agreed with this extraordinary step and justified it by dire necessity. The government, in the person of Prime Minister Leonid Kuchma, on the other hand, gave notice of its political indifference and the accomplishment merely of purely economic tasks. If the government's actions end in failure, parliament and the president will always have another "whipping boy" to hand. If, however, the government succeeds in stabilizing the economic situation, they will make known their involvement in this. The president and parliament have in this situation managed to avoid open confrontation in the struggle for power and to postpone a clarification of relations prior to the adoption of the new Constitution of Ukraine.

Moroz Assesses Kuchma Government Program

93UN0406B Moscow NEZAVISIMAYA GAZETA
in Russian 24 Nov 92 p 3

[Interview with Aleksandr Moroz, leader of the Socialist Party of Ukraine by Vladimir Skachko, place and date not given: "We Do Not Want a Politically Sterile Ukraine"]

[Text] The Socialist Party of Ukraine emerged in October 1991 and proclaimed as its principal task the building in Ukraine of a socialist society "purged of post-Lenin deformations" and free of man's exploitation of man.

Whereas initially many people in Ukraine viewed the Socialist Party as a "party of veterans" and Communist Party functionaries without a political future, now, against the background of the significant deterioration in the living standard, the economic crisis, and the split in the democratic camp, the Socialist Party is an organization which has not only its own social and material base, but also significant intellectual potential. "We are fewer than we should be, but more than had been anticipated," Aleksandr Moroz, chairman of the Socialist Party of Ukraine and former leader of the communist majority in the Ukrainian Parliament, declared.

[Skachko] At the ceremonial meeting devoted to the 75th anniversary of the October Revolution, you said that the new Ukrainian government would be forced to adopt for execution the program of stabilization of the economy of the republic prepared by the socialists. Has Prime Minister Leonid Kuchma not disappointed you?

[Moroz] This is not a program but a direction, and there are here two components which, in my view, are mutually exclusive, unfortunately. The first concerns stabilization of the economy, with which I fully agree, for Leonid Kuchma is resorting to a strengthening of state levers of control of the economy. I am convinced that there is simply no other way.

But on the other hand, the government's intentions in the implementation of the reforms cause me misgivings. First, I do not as yet see a clear picture of how these reforms will be implemented. And the intention to speed up privatization reminds me of Gorbachev's policy in 1986 of acceleration and perestroika. But, it seems to me, the question is this: Acceleration or perestroika, reforms or stabilization? It is wholly a question of the path—either reforms via stabilization or stabilization via reforms. In my opinion, only the first version is possible, and all that the government does in the direction of stabilization will have my support and that of those who think as I do. As far as the reforms are concerned, we first need to learn their content, and then evaluate them.

[Skachko] As distinct from the other deputies, do you not believe that with the government being granted supplementary authority, there has been a coup in parliament and that parliament should now dissolve itself, since it has nothing more to do?

[Moroz] No. These conclusions are provocative, to a certain extent. Reflecting on what has happened, I believe that we must be realists and agree with a certain restriction of the powers of the Supreme Soviet. They have, after all, been brought about by the fact that our parliament frequently blocks the adoption of needed decisions, and in the present situation prompt action is essential. In addition, we have limited the authority of the president also. Our biggest deficiency in all respects today is the loss of leadership of the state, its economy, and all ongoing processes. Together with the restoration of the traditional economic ties and the exclusion of the interference of policy in the economy, only the return of leadership of the economy can today rescue the situation. This is the sole thread which Leonid Kuchma, as an experienced practical manager, seeks, and which could prevent catastrophe in Ukraine and get the system working. We also advocate a strengthening of leadership of the economy.

[Skachko] Many people in Ukraine recognize today that we have three independent power centers: parliament, the president, and the government. On whose side is the Socialist Party of Ukraine?

[Moroz] On the side of the law. In my view, three power centers is a normal phenomenon for a state based on the rule of law.

[Skachko] And what about the legislature, executive, and judiciary?

[Moroz] There is one power, and these are its three separate functions. Power should belong to the people. If we are speaking about whom we support, I may refer to the decision of our republic conference, which was held this summer and which determined that we are in opposition to the present authorities in Ukraine generally. And mainly because the actions of the authorities are largely failing to coincide with people's interests and

are threatening the direst consequences. But our opposition position means that any step of the authorities leading to the stabilization of society as a whole we support. We support such steps by Leonid Kuchma also. At the same time, however, we can feel ourselves independent of his government, since there are none of our people in it. We gave Leonid Kuchma our list when he was forming the new cabinet, but it seemed to me that he was not entirely free in his choice of personnel.

[Skachko] What is your attitude toward the fact that the former leader of Lithuania's Communists, Algirdas Brazauskas, declared in an interview with GOLOS UKRAINY that he shuddered at the mention of the October Revolution? And how do you view the victory of Brazauskas' party at the Lithuanian Seimas elections? Do you not intend to repeat this path in Ukraine?

[Moroz] I do not believe that Brazauskas put it precisely that way. That Brazauskas' party was victorious at the elections was a natural phenomenon. The political pendulum in Lithuania had swung in one direction, but too far, and had for this reason to come to rest somewhere in the center. This is the normal position, and I am for this reason sure that the reforms in Lithuania will be successful. Note that where the pendulum has not swung, in Kazakhstan and Belarus, for example, the reforms are proceeding more rapidly. The political confrontation and the attempt to settle scores for the past, which was typical of Sapudis and now of some of my opponents in Ukraine, has not been to society's benefit. And, after all, such confrontation often ends in bloodshed, and I very much do not want this to happen in Ukraine and will do everything to ensure that it not happen. When my parliamentary colleague Dmitry Pavlychko, who has a history of party membership twice as long as mine, says a priori that the socialists are Ukraine's No. 1 enemy, I cannot understand it. I was, after all, a workhorse in this party, and he extolled it in his verses. I do not understand what kind of Ukraine he wants. A sterile Ukraine, in which there are only Pavlychko's? Everyone must have the right to hold his own views. When we aspire to such a state of affairs, we will then build a genuinely civilized society, and it is for the sake of this idea that we are prepared to cooperate with any party and political force of today's Ukraine.

ECONOMIC AFFAIRS

Ivov Oblast Presidential Representative Reports on Economic Situation

931 N04364 Ivov IYSOKIY ZAMOK in Ukrainian
21 Nov 92 pp 1-4

[Report by Stepan Davymuka, representative of the president of Ukraine in Ivov Oblast, to the Eleventh Session of the Ivov Oblast Soviet of People's Deputies. "The Ivov Region on the Difficult Path of Creating Statehood"]

[Text] Esteemed deputies!

The forced and ill-conceived liberalization of prices in January caused a sharp deterioration of the economic crisis and resulted in new destructive processes of a catastrophic nature which have affected the foundations of the state economy: the finance and credit, monetary, and banking systems. The blow dealt to the economy was of such force that it considerably exceeded its internal adaptation potential. A fever has set in—a complex, uncontrollable process of transition, with many mechanisms which block production being activated. On the global scale this brought about the actual delineation of the markets of young states, which has primarily had a tragic impact on large-scale, monopoly production. Purely political reasons were added to economic ones, in particular, the well-known decisions of the supreme government circles of Russia to block economic relations and banking transactions with Ukraine.

Given such circumstances, old structural distortions are being reinforced and production is dropping in most industries producing consumer goods, primarily food-stuffs, which were the weakest in the past. The producer whose nature is socialist responds to the lower demand entailed by the liberalization of prices by winding up production rather than reducing prices (a regular market-based response). This effect is most characteristic of multi-component assembly production. The removal of control by the state management system over state enterprises in the environment of monopolized production inexorably brings about a drop in production; profits may be increased by increasing prices rather than boosting volumes.

One more dangerous effect has been registered: Privatized enterprises sharply reduce production, and a peculiar collapse occurs from the scope of the market served by the enterprise to the scope of the internal needs of the labor collective.

The tax policy does not provide incentives for enterprises and production and does not bring about replenishing the budget. On the whole, this brings about an explosive growth in the deficits of local budgets and the financial bankruptcy of oblasts, rayons, and cities. The following are other unfavorable factors:

- the absence of full-fledged and effective state instruments;
- the comprehensive strengthening of the powers of all levels of executive power, which brings about their confrontation and the blocking of comprehensive organizational processes, and destroys the subordination of executive power along the vertical chain;
- the absence of an effective system of control organs, and a system of law enforcement organs and force structures adapted to the new situation;
- the absence of an effective system for managing the state sector of the economy;

—the absence of a self-contained, internally cohesive legal foundation;

—legislative acts adopted at the local level are temporary and contradictory; there are no extensive commentaries to them, whereas judicial organs and arbitration bodies (which are assigned the main role in resolving conflicts in the period of transition) are not in a position to perform this function;

—catastrophically declining discipline and abruptly mounting uncontrollable processes in the economy and society, especially runaway privatization and massive, cynical theft;

—general political instability.

On the whole, this brings about hyperinflation, all-encompassing shortages, an abrupt drop in the standard of living of the populace, and an increasing crime rate.

In addition, the situation in the oblast is exacerbated by an economic complex structure which is particularly vulnerable to the processes of breakdown in the economy: large-scale, highly monopolized, multi-component assembly machine building, and production of electronics;

—the energy-intensive large-scale mining and chemical industries; an obsolete fuel and energy complex, the extensive infrastructure of the processing industry, transportation, oil and gas pipelines;

—a peculiar treatment, recreation, and tourist complex; high pressure of technological origin on territory, dense population and a shortage of land.

Our oblast also stands out for its particularly high intensity of political struggles. Political tempests are rattling Lvov. Centuries of colonial oppression are bearing fruit. The deep-seated victimization complex brings about individualism, consumerism, inclination toward anarchy, and opposition to any and all, including our own, state structures. Hysteria, quarrels, schisms, and discord repel the elite—creative, constructive forces and bring about degradation. These political factors may play a critical role for our future. If we fail to subdue our own high-handedness and to forge the will for statehood, our national economy and our own state are out of the question.

Esteemed deputies! This year, 780 directives of the representative of the president in Lvov Oblast were adopted concerning various aspects of the life of the oblast: economic operations, the social services sector, national rebirth, the reinforcement of legal order, environmental protection, social welfare, and so on.

Attention was mainly concentrated on measures to provide a guaranteed supply of the most necessary staples to the population of the oblast without disruptions, the preservation of our production potential, support for farm operations, stepping up the struggle against crime,

the fulfillment of the plan for the economic and social development of the oblast, and the budget as the financial basis for this plan.

Budget

This year's budget was confirmed in July following a complicated and protracted process of development and confirmation by the Supreme Soviet of the state budget and standard rates for appropriate allowances from state

revenues and taxes. The budget was built on the basis of a new tax system which had not been previously tested. We had sent our proposals for realistic, balanced standard rates of allowances to the relevant commissions of the Supreme Soviet and the Ministry of Finance. However, understated indicators were ultimately approved; the real situation in the economy influences the budget unfavorably. Data on the implementation of the local budgets of the oblast and the oblast budget are provided in Tables 1 and 2.

Table 1. Analysis of the Course of Implementation of Local Budgets in the Oblast in 1992

	First quarter	As percentage of the budget	First half year	As percentage of the budget	Nine months	As percentage of the budget
Total revenues	1,320,230	100.0	4,584,339	100.0	11,761,632	100.0
1. Value-added tax	465,498	35.3	1,446,708	31.6	4,636,242	39.4
2. Tax on the profits of enterprises reporting to local authorities	53,726	4.1	296,904	6.5	625,151	5.3
3. Tax on the profits (proceeds) of enterprises and organizations reporting to the state	237,970	18.0	922,880	20.1	1,870,385	16.0
4. Tax on the remuneration fund for kolkhoz members	13,847	1.0	43,176	0.9	103,404	0.9
5. Tax on the profits of the organizations of consumer cooperatives	41,497	3.1	51,443	1.1	109,415	0.9
6. Excise tax					389,881	7.6
7. Taxes paid by the population	355,708	26.9	1,297,879	28.3	2,694,407	22.9
8. State customs duties, local taxes and revenues	13,842	1.0	36,754	0.8	43,638	0.4
9. Sales tax	23,056	1.7	24,235	0.5	24,916	0.2
10. Imposts and miscellaneous nontax revenues	50,685	3.9	297,070	6.5	459,233	3.3
Total expenditures	1,911,549	100.0	5,036,903	100.0	13,963,448	100.0
1. Social welfare of the population			33,510	0.6	2,236,827	16.0
2. Funding of the national economy	702,415	36.7	2,045,711	34.5	3,997,208	28.6
3. Education	591,041	30.9	1,888,560	31.8	3,571,800	25.6
4. Culture	72,454	3.8	292,929	4.9	632,743	4.5
5. Health care	450,215	23.6	1,415,420	23.8	2,965,085	21.2
6. Social security	17,206	0.9	48,134	0.8	127,290	0.9
7. Maintenance of government organs	43,701	2.3	100,338	1.7	182,819	1.3
8. Subsidies						
9. Amount by which expenditures exceed revenues	591,319	30.9	1,352,564	22.8	2,201,816	15.8

Table 2. Analysis of the Course of Implementation of the Oblast Budget in 1992

	First quarter	As percentage of the budget	First half year	As percentage of the budget	Nine months	As percentage of the budget
Total revenues	638,245				2,553,918	100.0
1. Value-added tax	1,992,358				1,540,965	59.9
2. Tax on the profits of enterprises reporting to local authorities	7,387				33,174	1.3
3. Tax on the profits (proceeds) of enterprises and organizations reporting to the state	447,062				334,955	15.1

4. Tax on the profits of the organizations of consumer cooperatives	1,070				3,908	0.2
5. Excise tax	-				528,924	20.6
6. Taxes paid by the population	-				-	-
7. State customs duties, local taxes and revenues	132				631	-
8. Imposts and miscellaneous nontax revenues	4,330				42,652	1.7
9. Sales tax	10,777				10,638	0.4
Total expenditures	748,677				4,152,347	100.0
1. Social welfare of the population	-				1,408,791	33.9
2. Funding for the national economy	522,346				1,399,731	33.7
3. Education	44,019				270,509	6.5
4. Culture	30,437				242,079	5.8
5. Health care	116,685				656,326	15.8
6. Social security	1,056				7,572	0.2
7. Maintenance of government organs	7,007				22,524	0.5
8. Subsidies	-				509,000	12.3
9. Amount by which expenditures exceed revenues	410,632				1,598,429	38.5

In the nine months, local budgets of the oblast took in revenues in the amount of 11.7 billion rubles [R], or 46.4 percent of the annual plan, whereas expenditures from the local budgets between January and September came to R13.9 billion, that is, exceeded revenues by R2.2 billion. During this period, the oblast budget took in revenues of R2.5 billion, or 37 percent of the revenues planned for the year.

The bulk of the deficit affects the oblast budget, whose revenues directly depend on the results of financial and economic operations of enterprises and economic organizations in the cities and rayons of the oblast, as well as on the fulfillment of plans for the mobilization of financial resources by them.

Considerable amounts of revenues were not received from planned sources such as the value added tax (R3.8 billion) and the tax on enterprise profits (R1.4 billion). In the nine months, R895.0 million of the tax on profits from municipal property and almost R600 million, or 81.8 percent, of the tax on profits of organizations of consumer cooperatives failed to be contributed to the local budgets. The assessment of land fees is proceeding very slowly, and not through the fault of the local organs of power.

Local budgets have lost more than R2.0 billion in value added tax and almost R500.0 million in profit tax because of a reduction in the output of consumer goods in the oblast compared to the corresponding period of last year, and a drop in industrial production. The local budgets of the city of Lvov (R390 million), Stryi (R100 million), Mostyskiy Rayon (about R140 million) and Zhidachevskiy Rayon (R90 million) suffered the greatest losses in this regard.

The poor standard of organizational work influences the reduction of the revenues of local budgets to a certain

degree. Retail price hikes and delays in the sale of consumer goods are not necessarily justified; as a result of this, the inventories of unsold goods increase considerably and payments to the budget decrease accordingly.

As of 1 January 1992, consumer goods inventories came to R51 million, whereas as of 1 July 1992—R405.6 million, and as of 1 October 1992—R744.2 million, of which almost R200.0 million in value added tax are "frozen." This applies primarily to the Lvov Chemical Plant, the VO [Production Association] Konveyer, the Drogobych Drill Bit Plant, the VO Polyar, the VO Kineskop, the bus plant, the tobacco factory, the VO Yuvelirprom, and others.

We cannot but be concerned about the fact that, as a result of imperfections in legislation, the early refund of value added tax from the budget to certain enterprises in amounts greater than they pay has become widespread. For example, the Production Association Lvovtransgaz will pay value added tax on gas to be sold mostly next year, while it is now claiming a tax refund in the amount of R2.5 billion for gas which has been acquired and pumped into storage chambers.

The same is the case at a number of enterprises in which the production of output is seasonal (the sugar, canning, grain processing, and wine industries). On the whole, this will bring about a loss in terms of value added tax amounting to R5.8 billion this year.

Great loss of income is caused by local organs of power granting tax relief without simultaneously making proposals aimed at replenishing revenues accordingly. The local soviets of the city of Lvov alone exempted 18 economic organs from taxation in 1992, of which 16 are small enterprises, as a result, the city budget will fail to

obtain more than R13.0 million in payments. In the process, no analysis has been made of the economic and social effect produced.

Monitoring of the production and financial operations of state organs reporting to local authorities is in need of profound restructuring. After all, the shortfall of payments in the 10 months of this year comes to about R50.0 million rubles, or 35 percent, in housing and municipal facilities, and, respectively, in the system of consumer services to the population—R50.0 million and 75 percent; in the trade sector—R240.0 million and 74 percent; in consumer cooperatives—R320.0 million and 75 percent.

Considerable funding from local budgets is appropriated to finance measures aimed at the priority development of rural areas. However, agricultural enterprises failed to generate close to R2.0 billion in profits in the nine months of this year, and almost R400 million of the profit tax were not paid to the local budgets as a consequence of a considerable drop in the output of the products of animal husbandry and the growth of unproductive expenditures. Along with this, the state and local budgets failed to take in more than R450.0 million in the form of value added tax.

The absence of sufficient internal sources of revenue in the oblast has brought about funding for priority measures being provided to a considerable degree through loans in the amount of R3.2 billion which were received from the state budget. Besides, in September 1992 the oblast budget received a special-purpose loan in the amount of R3.8 billion for additional expenditures for a regular wage increase for employees of the sociocultural sphere, for the payment of monthly financial aid for the acquisition of foodstuffs by the low-income strata of the population, for covering losses in transportation, and for subsidies to enterprises in the housing and municipal facilities sector and the oblast fuel sales administration.

The receipt of loans from the state budget made it possible to extend them to the city and rayon budgets of the oblast for a total amount of R2.6 billion. At the same time, funds could not be found in the budgets of many cities and rayons in order to fully finance the measures envisaged, including capital investment from the funds of rayon and city executive committees.

In the nine months of this year expenditures from the local budgets of the oblast, with the exception of the oblast budget, came to R9.885 million, or 82.1 percent of the tentative plan for this period.

Implementation of the oblast budget on the expenditure side came to R4,152.3 million, or 73.7 percent, in January through September of this year. In certain cases, financing was provided for supplemental spending on the basis of directives of the oblast state administration.

In conjunction with the Supreme Soviet and the Cabinet of Ministers of Ukraine taking certain measures aimed at the social welfare of the population in January through September of this year, the local budgets of the oblast

spent, as never before, R2,236.8 million to this end, of which R1,408.8 million came from the oblast budget, or 89.3 and 105.3 percent of the allocation for the reporting period. R3,997.3 million, or 23.6 percent of the total volume of expenditures, were used to finance sectors of the national economy; respectively, R7,803.4 million, or 52.3 percent, were used to finance sociocultural measures; R182.8 million, or 1.3 percent, were used to maintain the organs of state government, and local and regional self-government; and R108.5 million, or 0.8 percent, for other measures.

It should be noted that outlays which are funded from local budgets this year are being continuously changed by relevant decisions of state organs, thus making planning and routine operation of the local organs of power, and chiefs of departments, directorates, and establishments more difficult. At the same time, this does not diminish their responsibility for spending state funds properly and effectively. Repeated changes in procedures for compensating the enterprises for the difference in prices for foodstuffs and manufactured goods, and funding for social measures and capital investment, which keep increasing, require a principled approach and considerable professional knowledge on the part of all managers, which, unfortunately, is not necessarily ensured.

Under the circumstances, the frequent cases of excessive and ineffective use of state funds and mismanagement which occur in establishments and organizations financed from the budget cause indignation. This year inspections have revealed, prevented, and restored to the budget almost R30 million in illegitimate expenditures.

Instances in which millions of rubles were received from the local budgets excessively have been revealed in certain construction organizations of the cities of Lvov and Stryi, and in Zhidachevskiy and other rayons.

Illegal and excessive spending of state funds in the amount of almost R2 million has been revealed by audits regarding the propriety of the use of appropriations to pay for outdoor landscaping in the cities of Drohobych and Chervonograd, and in Skolevskiy and some other rayons of the oblast.

Recently held audits revealed excessive and illegal spending exceeding R600,000 in certain sociocultural establishments and organizations of Turkovskiy Rayon, whose budget has been balanced for the most part through subsidies rather than its own revenues. The same was revealed by audits, which financial organs administered, of certain establishments financed from the budget in the city of Lvov.

Frequent cases actually occur in which certain self-government organs spend considerable amounts of funds to increase the salaries of government employees and to maintain above-the-quota official transportation at the expense of items which cannot be replenished from any source, and while social problems are not fully resolved. This occurs despite the fact that, under the Law on Local

Self-Government, organs have been granted the right to increase expenditures up to the limit of the available internal financial resources.

The above facts concerning the course of the implementation of the local budgets of the oblast on both the revenue and expenditure sides necessitate additional measures to be taken by city executive committees, rayon state administrations, and financial organs with a view to reinforcing the revenue base of local budgets and the spending of state funds.

In conjunction with this, the finance administration has been given an assignment: Based on reports for 10 months of this year, to examine, in depth, the status of the intake of revenue and the use of budgetary appropriations this year, and to develop and submit to the oblast state administration proposals needed to streamline this sector of operation. These issues were discussed with the management of city and rayon finance departments at an expanded meeting of the collegium of the oblast finance administration on 23 October 1992. When a notice concerning the standard rates of allowances from statewide revenues and taxes for local budgets, finally established by the Supreme Soviet, is received from the Ministry of Finance and the National Bank of Ukraine, to ensure a recalculation of taxes which have been taken in since the beginning of the year, in conjunction with which local budgets should receive additionally close to R1.5 billion in revenue. To complete before the end of November of this year the conduct of a comprehensive verification of the status of control and economic operations in the finance department of Zhovkovskiy Rayon, together with the employees of the KRU [Control and Auditing Administration] of the Ministry of Finance of Ukraine in the oblast. Such verification of the full intake of payments by the local budgets, and the correctness of and efficiency in the spending of state funds in 1992 has been administered in nine cities and rayons of the oblast. In 12 rayons and cities of the oblast, experienced specialists of the oblast finance directorate provided technical assistance to certain enterprises and organizations with regard to the issues of finance, accounting calculations, and reports. When base statistics and, in particular, standard rates of allowances from statewide taxes are received, to develop a draft oblast budget and standard rates for allowances for the local budgets of the oblast for 1993, and to submit them to the state administration of the oblast for consideration.

A fund of the representative of the president of Ukraine in Lvov Oblast has been established in view of a great shortage of financial resources and the need to resolve many current emergency situations. As of 16 November, R95.7 million were allocated from this fund for the social welfare of the population. Of these, the most significant outlays were as follows: R78 million as compensation to reduce the prices of baked goods; R4.8 million as compensation for butter prices for restricted-access establishments and health maintenance camps for children; R3.5 million to erect buildings for the elderly. Some R12.1 million were allocated to law enforcement organs, of which R3.5 million to the foundation "Your Security," R2 million to finance

an investigative group for issues of considering cases of victims of repression, and R4.7 million to purchase motor vehicles for the UVS [Internal Affairs Administration] of the oblast. Some R10.9 million were allocated for cultural and educational programs, and R4[one digit illegible].1 million—for the development of material facilities (provision of gas, construction of water mains, TV relay stations, and repairs).

Control, auditing, and inspection efforts.

To a considerable degree financial discipline hinges on the standard and quality of control. This year, mass audits of enterprises, organizations, establishments, and citizens have been held to verify compliance with tax legislation. Audit records testify to the fact that almost one in two audited enterprises and organizations, especially cooperatives and small enterprises, violate tax legislation, confuse accounting calculations, conceal proceeds (profits) from taxation, collect payments improperly, and fail to contribute them to the budget or off-budget funds in a timely manner.

Based on the results of audits, more than R900 million of additional revenues, including financial and punitive sanctions, have been assessed and collected for the budget, of which R690 million were assessed for the local budgets. Administrative fines exceeding R50 million have been imposed on 1,200 officials and citizens. The operations of 910 enterprises and organizations on their settlement accounts at bank establishments have been suspended.

On the whole, the amount of additionally obtained revenues in the oblast comes to 3.8 percent of the total amount of state revenues. Outlays for maintenance of the staff of the tax service come to less than 5 percent of the additionally assessed amount, and R42 are returned to the state, that is, additionally assessed, per each ruble spent to maintain an employee of the tax service (in Ukraine as a whole, this statistic stands at R12). Considerable amounts of payments were additionally assessed and contributed to the budget: in Lvov—R617 million, of which, in Galitskiy Rayon—R28 million, Zaliznichnyy Rayon—R20 million, Lychakovskiy Rayon—R19 million, and Frankivskiy Rayon—R18 million; the city of Stryi—R32 million, Zhidachevskiy Rayon—R31 million, the city of Drohobych—R17 million; the city of Sambor—R14 million, and so on.

Serious violations of tax legislation when determining payments to the budget were allowed to occur:

- at cooperative and public organizations, and small enterprises; out of 1,400 audited, violations were discovered in 1,080 (77 percent), and more than R83 million were contributed to the budget based on the results;
- at state enterprises, among which violations in determining payments to the budget were discovered at 498 (64 percent) out of 772 enterprises audited, and more than R600 million were contributed to the budget based on the result.

Violations in the withholding of income tax from the wages of workers and clerical employees and instances of its late or incomplete transfer to the budget were discovered at one in four enterprises, establishments, and organizations audited. More than R39 million were contributed to the budget as a result of the audits.

Sizable violations of tax legislation were revealed at the following enterprises and in the following organizations: In the Commercial Scientific and Production Association Elektron procedures for keeping accounting records were violated, incomes (profits) were understated for the purposes of taxation, and payments to the budget were determined incorrectly. The association received, as proceeds for the export of TV sets, \$638,700; however, it did not make the withholdings due to the state foreign exchange fund of Ukraine—\$223,500, and to the local budget—\$31,900. These proceeds were used for the association's own needs (acquisition of raw and other materials, business trips abroad). Based on the results of the audit, more than R12 million in payments were additionally assessed for the budget.

During 1991 and 1992 military unit No. [one digit illegible]4603 (city of Stryi) underreported taxable income and profits, as a result of which it did not make payments to the budget in full. As a result of the audit, R20.2 million rubles in payments and financial and punitive sanctions were additionally assessed.

Under these and other circumstances the following payments were additionally assessed and contributed to the budget: in the Oblast Fuel Supply Association—R5.1 million, in the VO Lvivenergo—R4.6 million, in the VO Kineskop—R3.3 million; in small enterprises and cooperatives: International Consulting—R5 million, Galimpeks—R4.3 million, Kramar—R2.2 million, PPP—R1.5 million, SAT—R1.3 million, Forum—R1.9 million, Ukrvest—R1.3 million, Ladeks—R343,000, Araks—R140,200; in agricultural enterprises: in the Turka Agricultural Company Pereval—R1.1 million, the Toporovo Poultry Farm—R0.9 million, the imeni Gorkiy Collective Farm in Zolochivskiy Rayon—R0.7 million, and others.

In September and October of this year the State Tax Inspectorates of cities and rayons organized and held special inspections at enterprises and organizations, cooperatives, small enterprises, and other commercial structures concerning the possession of proper permits (licenses) granting the right to sell alcoholic beverages.

In the City of Lvov, such inspections were held in cooperation with the Oblast Administration of Internal Affairs.

The inspections established that 145 enterprises in the state trade sector, public catering, cooperatives, small enterprises, and other commercial entities engaged in trade in alcoholic beverages without proper permits and licenses, and received more than R8 million in proceeds from such trade. In particular, the Vatra cafeteria (city of Drohobych) sold liquor and vodka products worth R1,121,800 without a permit (license), the collective joint-stock manufacturing

enterprise of the Zolochiv Sugar Plant—R806,000 worth, the Zolochiv Canning Plant—R386,000 worth, small enterprises Diana (city of Lvov)—R257,500 worth, Azimut (city of Busk)—R173,500 worth, Milyava (city of Lvov)—R160,600 worth, commercial store No. 2 (city of Drohobych)—R140,000 worth, and cooperatives: Mega Gal (city of Lvov)—R56,900 worth, Lena (city of Lvov)—R18,000 worth, and so on.

Irregularities in the maintenance of accounting records, instances of sales of alcoholic beverages without proper documentation (invoices), and other violations were uncovered at a number of cooperatives and small and other enterprises. Based on the results of inspections, measures were taken to contribute to the budget proceeds received from the sale of alcoholic beverages without proper licenses. Forty-five officials were held statutorily accountable for the violations of procedures in the maintenance of accounting records (fines amounting to R96,000 were imposed).

At the same time, it should be mentioned that most executive committees of the city soviets of people's deputies violate procedures for the issuance of permits (licenses) granting the right to sell alcoholic beverages. The permits they issue do not specify the place of sale and conditions and rules for engaging in operations of this type, the numbers of licenses, and their validity. Besides, such permits (licenses) have been issued without the proper payment (R1,000) being made for their issuance; as a result of this, considerable funds have not been contributed to the off-budget accounts of local soviets. The Lvov City Executive Committee has issued such permits to more than 400 enterprises without the aforementioned fee being paid, as a result of which losses to the budget now come to more than R400,000; in the city of Drohobych—R150,000, in Brodovskiy Rayon—R202,000, and so on.

The state of payments discipline has deteriorated considerably this year. In the 9 months of this year, R1.9 billion were contributed to the budget after the payment deadline, or 10 percent of the payments due. Fines and penal sanctions amounting to R193.2 million were collected on this account. The payment of such an amount of fines and penal sanctions unfavorably affects the financial situation of enterprises and organizations, which is difficult to begin with.

A geological survey expedition (city of Lvov) paid R1.8 million in fines and penal sanctions for failing to settle with the budget in a timely manner: ATP [Motor Vehicle Enterprise] 14630—R1.1 million, the VO Lvivsilmas—R1.2 million, the VO Kineskop—R4.7 million, and so on.

The status of payment discipline is particularly unsatisfactory in the city of Chervonograd, in which 30 percent of the payments due were transferred to the budget late, the city of Stryi—22 percent, Gorodokskiy Rayon—21 percent, Yavorovskiy Rayon—20 percent, and the city of Lvov—12 percent.

As of 1 November, shortfalls in payments to the budget amounted to R96.4 million, of which, in the city of

Lvov—R50 million, the city of Stryi—R13.1 million, the city of Borislav—R4.7 million, Zhovkovskiy Rayon—R9.2 million, Buskiy Rayon—R2.6 million, and Gorodokskiy Rayon—R2.6 million. Housing Construction Combine No. 2 (city of Lvov) is responsible for a considerable amount of arrears (R4.6 million), as well as the Lvivprombud Trust—R2.8 million, and the geophysical survey expedition—R2.1 million.

Records of audits and inspections testify to the growth trend in unfavorable phenomena in economic operations at the enterprises and the establishments and organizations of the oblast. Losses caused to the state owing to the illegal consumption of monetary funds and material valuables have increased considerably; the volume of detected shortages and pilferage of the people's assets has increased. The main reasons for this are found in the imperfection of legislation on financial and economic issues currently in effect, the virtually universal elimination of in-house control and auditing services, the loss of the proper sense of responsibility for the status of economic operations on the part of leaders at all levels, the outflow of skilled accounting cadres, and the quality and scope of operations by law enforcement organs.

According to data for the nine months of this year, the KRU staff additionally assessed and turned over to the budget R43.3 million in payments due, compared to R8.5 million in all of 1991, of which from the Administration of the Friendship Main Pipelines—R31.3 million (former General Director O.I. Peyganovych), the VO Polyaron—R2.9 million, the West Ukrainian Branch of the VZO [expansion not identified] Zovnishterminalkompleks—R1.4 million (Director P.O. Kozak), and others. The total amount of losses discovered in the course of audits and inspections came to R27.1 million, compared to R2.3 million which was uncovered in 1991.

Losses due to the illegal consumption of monetary funds and material valuables, shortages, and theft amounting to R24.8 million rubles (130 economic organs) were discovered at every other one of 266 enterprises and economic organizations inspected in the nine months of 1992. The total of losses found at establishments financed from the budget comes to R2.3 million (78 establishments).

For example, during the elapsed period of 1992, the Capital Construction Administration of the Lvov City Executive Committee (chief V.V. Zadyraka) paid to Construction Directorates No. 51 and No. 55 of the state construction company Galbud (General Director M.V. Starynskiy), without substantiation, R21.7 million more, as compensation for the volume of increased spending for materials, motor vehicle haulage, energy resources, and higher procurement and storage outlays at newly built facilities which are financed with budgetary funds, than actual outlays at these facilities for such purposes.

Funds from the budget are also disbursed excessively to contractor repair and construction administrations and cooperatives in conjunction with padding of work volumes

and overstated estimates for capital repairs and current maintenance of the premises of establishments financed from the budget and housing stock. Inspections at eight units of the housing stock in Zahizniy, Frankivskiy, and Lychakovskiy Rayons of the city of Lvov, at which capital repairs were done by Repair and Construction Administrations Nos. 1, 2, and 4 of the Lvov City Housing Administration (chief O.L. Veretelnikov), found padded volumes of work performed, and overpayment of budgetary funds in conjunction with this coming to R421,100. In 1991 and 1992 the Housing Maintenance Association of Galitskiy Rayon spent R195,700 to repair the restaurants Under the Lion, Festival, and Deluxe out of the funds allocated from the budget for capital repairs to be done on residential housing.

Shortages of material valuables and cash on a great scale have been detected: at the Joint Stock Company Plastik—a shortage of 444 television sets of the Elektron and Shilyalis makes, worth R79,800 in old prices (Chairman of the Board I.M. Peshko); at the Komarno Wood Processing Combine—a shortage of upholstery materials (tapestry) in the amount of 1,306 linear meters, worth R32,700 (former director I.Ya. Ivanytskiy); at the Third City Clinical Maternity Ward—theft of foodstuffs worth R112,700 (head physician V.O. Ribun); at the Mostiskiy Rayon Production Association of Municipal Facilities—theft of fuel and lubricants worth R405,200 (chief Y.M. Burda).

For example, instances have been discovered in which 15.4 tonnes of nonferrous metals worth R422,800 at wholesale transfer prices in effect, released from Storage Facility No. 6 of the company Lvivmetalooptorg this year alone, under four consignment notes, were not registered. At the Lvov Plant of Municipal Equipment of the VO Ukrkomunmash (director of the plant R.F. Derenshteyn), 5.7 tonnes of nonferrous metals, released from the same warehouse and worth a total of R368,600 at wholesale transfer prices in effect, were not fully registered on the basis of three consignment notes.

As a result of audits and inspections, R16.8 million have been recovered and returned to the relevant budgets; 88 officials have been dismissed. If abuse is detected, records are referred to law enforcement organs for investigation in all cases.

During the nine months of 1992 the State Price Inspectorate effected 1,450 inspections of enterprises and organizations. Violations of procedures for the setting and application of prices were discovered in 1,104 cases, which comes to 76 percent of the total number of inspections. In the oblast as a whole, violations totaling R261.9 million and \$12,000 were discovered. The most characteristic violations are as follows: the setting of price norms with an overstated maximum profit margin; unsubstantiated exaggeration of the self-cost of products; the sale of products at unrestricted prices instead of regulated; unsubstantiated increases of prices for inventories of products manufactured in 1991; requests for consumers to pay surcharges

which are not envisaged by normative acts; incorrect calculation of value added tax; incomplete use of trade rebates.

Monetary Circulation, Credit

Inflationary processes have been affecting monetary circulation unfavorably for 10 months. The rate of emission of currency has somewhat declined in recent months.

The rate of growth of the monetary income of the population is increasing as the volume of production is falling. According to current calculations, the monetary income of the population increased in the 10 months of this year by a factor of 8.9 compared to the corresponding period of last year (in the first half of the year—by a factor of 6.2), in particular from wages and equivalent payments—by a factor of 9.5 (in the first half of the year—by a factor of 7.3); that of the rural population—by a factor of 7.6 (in the first half of the year—by a factor of 3.7); that of retirees—by a factor of 8 (in the first half of the year—by a factor of 5.3).

As a result of the spontaneous, uncontrolled growth of prices (the composite index of retail prices and rates for consumer goods and paid services came to 1,032.6 percent in January through October 1992 compared to the corresponding period of last year), retail sales and the volume of sales of paid services increased respectively, by a factor of 7.3 (by a factor of 6.4 over nine months) and a factor of 7 (a factor of 6.7 over nine months).

The higher rate of growth of the income of the population compared to the rate of growth of sales and the volume of paid services has caused the issuance of cash from the stock of banks to exceed its intake. The oblast has continuously, on a monthly basis, put money into circulation this year in order to ensure settlements with the populace. Between January and October of this year, R7.7 billion was circulated, which comes to 15.7 percent of the amount of issuance. In the corresponding period of last year, R77 million was withdrawn from circulation.

It should be noted that in August through October, the intake of cash to the stock of banks increased sharply as a result of the rapid growth of prices for goods and services. In January through July of this year, the average daily intake of cash from the trade and services sectors came to R84.2 million, whereas in August it came to R202.1 million, in September—to R255.3 million, and in October—to R325.8 million. This facilitated the rate of emission slowing down somewhat. The amount of money put into circulation was the highest in July—R2.1 billion rubles; in August, it was R336 million, in September—R505 million, and in October—R84 million. The level of emission dropped from 27.5 percent during the seven months to 5.7 percent in August and September, and 0.8 percent in October.

Projected calculations confirmed for Lvov Oblast by the National Bank of Ukraine were 157 percent fulfilled with regard to the intake of cash, and 145.1 percent

fulfilled with regard to withdrawals. Since the beginning of the year, R231,000 have been put into circulation in excess of amounts envisaged by projected calculations. In October alone, economies of R1.6 billion in terms of the emission statistic have been achieved.

The crisis condition in the economy has influenced the solvency of enterprises and organizations unfavorably. As of 1 October, the investment of credit in the economy of the oblast came to R47.5 billion, of which short-term credit—R44.2 billion; in other words, it increased by a factor of 12.8 since the beginning of the year. Debts past due by virtue of bank loans and debts to suppliers for merchandise and material assets received, work performed, and services provided come to R13.7 billion, of which debts to suppliers—to R13.6 billion. Compared to the corresponding period of last year, nonpayments increased by a factor of 54, which indicates the scope of imbalances in production.

The Labor Market

The total number of people engaged in socially beneficial work dropped by 94,200 (7.7 percent) compared to the corresponding period of last year, and comes to 1.1 million. As of 1 October of this year, 27,000 people were not engaged in labor activity; of those, 6,500 are recognized to be unemployed, which is 5.4 times more than at the beginning of the year. The rate of unemployment has not reached 1 percent yet, which is considerably lower than the optimal rate of unemployment (4 percent). Women account for 67.9 percent of the unemployed, and citizens laid off by reason of the liquidation, reorganization, or a change in the line of business of enterprises, establishments, and organizations account for 40.6 percent. Some 4,500 unemployed, of whom 69.7 percent are women, receive unemployment benefits. They have been paid R15.8 million.

Efforts are underway to retrain the unemployed. The oblast has adequate instructional facilities which have been prepared to this end. This year, 187 unemployed are being retrained; new classes are being formed. However, not all of the unemployed are willing; this year only 200 unemployed people have consented to retraining.

There are 4,200 vacant jobs in the oblast, of which 4,000 are workers' positions. The employment program for 1992 provides for creating more than 4,000 new jobs. According to current data, this program is being carried out. Mass unemployment may be avoided if we take into account the available potential of all sectors of the economy of the oblast and use available jobs at our enterprises and in our organizations rationally.

Social Security and Welfare

Some 685,000 recipients of retirement benefits, allowances, and compensations are registered in the oblast. Monthly payments to them exceed R1.5 billion. Considerable efforts are underway to provide social services to the elderly and disabled.

Social aid departments and territorial centers have organized at-home services for 8,158 citizens living alone.

Some 4,200 vouchers for treatment at sanatoriums and resorts were allocated in the 10 months to maintain the health of the retirees and disabled. Disabled people who for various reasons could not take advantage of the vouchers were paid compensation in the amount of R124,955.

The needs of the disabled of the oblast for mobility and prosthetic devices are mainly met by the Lvov VO of the Means of Locomotion and Prosthetic Devices which has manufactured 730 wheelchairs of various types since the beginning of the year.

Special shops and enterprises, which employ 4,581 people, operate with a view to job placement of disabled people in the oblast.

During the 10 months, 1,019 Zaporozhets cars and 27 motorized wheelchairs were provided to the disabled in the oblast free of charge or on preferential terms.

The disabled are paid compensations for gasoline, technical servicing of cars, and spare parts for them at the rate established by the government, for a total amount of R32 million. Compensation for transportation services exceeds R30 million.

Disabled and elderly citizens living alone who need continuous care are placed in nursing homes of the system if they so wish. At present 2,194 disabled and elderly individuals and disabled children reside in nursing homes in the oblast, the existing chain of beds having 2,588 slots.

Pursuant to Oblast Soviet Decree No. 177, dated 4 September 1991, relief is granted to the disabled in the oblast in the form of use of motor car transportation within the borders of the oblast free of charge.

Pursuant to Decree No. 215 of the Cabinet of Ministers of Ukraine, relief is granted to retirees in the form of transportation by urban transit free of charge.

Financial organs have envisaged funds in rayon budgets amounting to R49.3 million to provide assistance in kind, of which R2,648,000 is for elderly citizens living alone. In the first quarter alone, social security organs paid a total of R125,625,000 in aid, of which R840,800 in R100 payments to mothers who were on paid leave to attend to children under three years of age, and R35,800 in R200 allowances to low-income families.

Relevant commissions have been set up at the local level with a view to finding citizens who are in need of aid in kind. Some 2,540 people have been identified; according to their wishes, various types of aid in kind and financial assistance are provided for them. Thus, meals have been organized for 1,277 people and the issuance of foodstuffs packages for 436 people. Clothing and footwear for 158 people have been purchased, the rent arrears were paid

for 17 people; fuel has been purchased for 648 people, and the apartments of four people have been repaired.

Pursuant to Edict of the President of Ukraine "On Establishing the Day of the Elderly," rayon state administrations, and rayon and city executive committees, social welfare organs, and other organizations and societies took extensive measures to celebrate this day. The delivery of potatoes, onions, and packages of foodstuffs free of charge to the elderly was organized. Festive evening events and concerts were held. The Peace Foundation allocated close to R10,000 for this event; the Foundation for the Social Welfare of the Disabled allocated R1.4 million to repair the apartments of the disabled living alone. The United Trade Union Council allocated R300,000 to provide assistance to elderly citizens living alone. The fund of the presidential representative provided R1 million in financial aid.

Subsidies from local budgets are envisaged in order to cover the losses of the organizations of housing and municipal facilities. Funds have been planned in the oblast budget to offset the outlays of the Associations Lvivgaz, Lvivenergo, and the VTU [expansion not identified] in conjunction with the granting of privileges in the use of gas, power, and telephone communications.

Retail Sales, Paid Services, and Consumer Goods

The total volume of retail sales in the state and cooperative trade in the 10 months of this year came to R38,258,600. Compared to the corresponding period of last year, the total volume of sales fell by 32.6 percent in comparable prices. At the same time, expenditures of the population for the acquisition of goods and products increased by a factor of 7.3. Retail sales in the state trade sector dropped by 35.6 percent compared to the previous year, and those in the consumer cooperative sector dropped by 29.6 percent.

In January through September of this year, the volume of sales of paid services to the populace came to R4,380 billion, which was 34.7 percent less (in comparable prices) than in the corresponding period of last year. At present consumer services, the volume of sales of which declined by more than one-half, account for 23 percent of paid services.

In the 10 months of this year less butter, hard cheese, fish and canned fish, sugar, tea, footwear, and synthetic detergents, and fewer eggs and washing machines were sold to the population of the oblast than in the corresponding period of last year.

To a considerable degree this is due to a drop in the output of consumer goods. Compared to the corresponding period of last year, the output of goods for food uses declined by 12.7 percent, and those for nonfood uses—by 19.5 percent. The output of goods diminished at 66.7 percent of the enterprises in the oblast. This year, 20 percent less flour, 31 percent less sugar, 35 percent less hard cheese, 36 percent less butter, 22 percent less

footwear, 47 percent fewer TV sets, and 47.3 percent less goods for children (in physical units) were manufactured.

The strained state of affairs in the foodstuffs market of the oblast this year is exacerbated considerably by a substantial reduction in the allocation of merchandise resources from state sources. Thus, only 85 percent of the 1991 volume of flour was allocated this year, cereal—66 percent, macaroni—60 percent, vegetable oil—84 percent, sugar—82 percent, confectioneries—89 percent, refrigerators—27 percent, washing machines—21 percent, footwear—59 percent, and so on. Quotas were not allocated at all for fish and fish products, sewing machines, and certain types of fruit and vegetable products.

The state administration of the oblast has taken the necessary measures to increase deliveries of consumer goods from state sources and through signing economically substantiated barter contracts with other oblasts of the republic and countries of the CIS. Due to continuous contacts with relevant republic organs, the oblast received an additional allocation of flour (27,700 tonnes), butter, hard cheese, and canned dairy foods.

Considerable attention was paid to the issue of searching for goods outside the oblast. In the nine months of this year organizations of the state and cooperative trade sectors brought to the oblast consumer goods from various sources worth more than R10 billion, which accounts for 29 percent of total retail sales. While no quotas were assigned at all, 4,230 tonnes of frozen fish, 375 tonnes of herring, 9.56 million standard cans of canned fish, 10 million eggs, 370 tonnes of vegetable oil, 400 refrigerators, 2,060 sewing machines, more than 4,000 meters of fabric, and 1.24 million pairs of leather footwear were brought to the oblast. This year, more canned meat, vegetable oil, margarine and margarine products, vodka and liquor-and-vodka products, cognac, watches, cameras, refrigerators and vacuum cleaners (in physical units) were sold to the population than last year. The delivery of fruit and vegetable products was under continuous control. In the 10 months of this year, 14,100 tonnes of tomatoes were shipped in for the population compared to 8,500 tonnes in 1991, and, respectively, 7,600 and 6,400 tonnes of cucumbers, 8,500 and 2,500 tonnes of pip crops, 2,100 and 1,700 tonnes of stone fruits, 1,200 and 700 tonnes of citrus fruits, and 10,200 and 2,700 tonnes of melons. As a result, the needs of children's, treatment, and other restricted-access facilities, and special contingents (the disabled, Chernobyl veterans, war veterans, the UPA [Ukrainian Insurgent Army], victims of reprisals, and 34 other categories of those served—more than 360,000 people) were met. For the most part the needs of the population for bread and baked goods, margarine, mineral and fruit drinks, meat products, sausage products, poultry, salt, certain types of cereals, macaroni, confectioneries, and canned fruits and vegetables were met. The selection of goods for nonfood uses expanded somewhat.

The situation with putting fruit and vegetable products in storage is regular: potatoes—30,000 tonnes, onions—7,000 tonnes, table beets—7,200 tonnes, pickled cucumbers—351 tonnes, pickled tomatoes—960 tonnes, sauerkraut—1,850 tonnes, and apples—4,600 tonnes. At present grain stocks in the oblast come to 150,000 tonnes, flour—17,000 tonnes, and cereals—8,500 tonnes. At present, 45,000 tonnes of grain are being imported. Owing to measures taken with a view to purchasing butter outside the oblast we managed to create a reserve of 2,700 tonnes, which is not the case in any other oblast. Deliveries of motor fuel are highly significant for the operation of the economic complex of the oblast. Almost 1 million tonnes of oil will be delivered under a direct contract between the state administration of the oblast and the Government of Belarus. This means that we have purchased one liter of gasoline out of each two and one liter of diesel fuel out of each three that are sold in the oblast.

However, the condition of the foodstuffs market in the oblast and other regions of the state is marked by the influence of unfavorable processes underway in the economy, primarily a lack of correspondence between the volume of growth of the monetary income of the population and production. The expansion of inflationary phenomena, the continuous growth of prices for an overwhelming majority of goods, and a lack of confidence in the economic situation of the country are prompting people to buy up various consumer goods and hoard them on a mass scale.

The state administration of the oblast realizes that flaws and miscalculations occur in the operation of the trade sector of the oblast, elimination of which is being continuously monitored. Still, improvements in the operation of trade structures at present are hindered for a number of objective reasons. A lack of correspondence between existing financial relations and the needs of the distribution of goods is one of the main reasons. Protracted delays in settling with producers, a lack of internal working capital, a shortage of credit resources, and a considerable increase in interest rates on bank loans make it impossible for trade organizations to resolve issues of their commercial operations fluently, and hinder the in-shipment of goods, especially from CIS countries, which make many advantageous offers. It is necessary to stress that, in conjunction with a considerable growth of retail prices, the available internal working capital of an overwhelming majority of trade enterprises does not cover payments even for consumer staples. These and other problems are an unfavorable influence on solving the issues of the foodstuffs market of the oblast.

Industry

Compared to the corresponding period of last year, the volume of industrial output in January through September of this year dropped by 14.8 percent, or R2.6 billion (in Ukraine—by 9.8 percent). Production diminished in all industries, with the exception of the glass,

china, and glazed earthenware industry. As before, the drop in output was the greatest at machine-building and food processing enterprises (see Table 3). Some 256 enterprises (two-thirds of the total number) reduced their volume of industrial production. However, giant enterprises make the main contribution. Had the output of products remained at last year's level at six enterprises (the NVO Elektron, the Lvov Bus and Jewelry Plants, the VO Lvivkhimilgospmash, the Lvov Meat Packing Combine, and the Zhidachev Pulp and Cardboard Combine), the decline in volume would have come to 7.2 percent, that is, would have been reduced by more than a factor of 2. Had the production of TV sets and jewelry remained

at the level of last year, the drop in the output of nonfood goods would have been almost 3 times smaller. However, the level of monopolization and the regional structure of industry (Table 4) determine the nature of manufacturing dynamics. An analysis of statistical dependence between yearly changes in the volume of production in Lvov Oblast on similar changes in Ukraine indicates their linear correlation with the coefficient of proportionality being 1.38. This means that when the level of production in Ukraine increases, the volume of industrial production in Lvov Oblast increases at a greater rate, and, on the contrary, when there is a slump, the level of recession in our oblast is deeper.

Table 3. Levels of Production of Output by Industry in 1992 Compared to the Corresponding Period of 1991

	First quarter	Second quarter	Third quarter	First through third quarters
Power generation				
Lvov Oblast	4.2	-17.6	+1.7	-6.7
Ukraine				-8.2
Fuel industry				
Lvov Oblast	-16.5	+10.5	+2.4	-2.1
Ukraine				-11.2
Chemical and petrochemical industry				
Lvov Oblast	-19.7	-4.2	+8.4	-6.4
Ukraine				-10.9
Timber, lumber, pulp, and paper industry				
Lvov Oblast	-11.6	-20.7	-12.5	-14.0
Ukraine				+0.2
Light industry				
Lvov Oblast	-8.7	2.6	-8.8	-4.9
Ukraine				+0.9
Construction materials industry				
Lvov Oblast	-13.1	-8.6	-7.1	-9.6
Ukraine				-9.7
Food industry				
Lvov Oblast	-27.3	-13.9	-19.2	-20.3
Ukraine				-20.0
Machine-building and metal processing				
Lvov Oblast	-19.0	-21.5	-9.1	-16.6
Ukraine				-5.9
Industry as a whole				
Lvov Oblast	-20.4	-14.1	-10.1	-14.8
Ukraine				-9.8
Output of consumer goods				
Lvov Oblast				-17.8
Lvov Oblast*				-10.5

Table 3. Levels of Production of Output by Industry in 1992 Compared to the Corresponding Period of 1991 (Continued)

	First quarter	Second quarter	Third quarter	First through third quarters
Ukraine				-12.7
Output of consumer goods for food use				
Lvov Oblast				-14.7
Ukraine				-17.5
Output of consumer goods for nonfood use				
Lvov Oblast				-19.5
Lvov Oblast*				-8.6
Ukraine				-8.1

*Excluding the AT "Elektron" and the VO [Production Association] "Yuseliiprom"

Table 4. Sectoral Structure of the Industry of Lvov Oblast, in Percentages

	based on prices		based on number of employees	
	1991	1992	1991	1992
Power generation	0.7	1.0	1.8	2.1
Fuel industry	4.9	29.4	6.5	7.1
Chemical and petrochemical industry	3.5	9.2	6.7	6.9
Machine-building and metal processing	37.8	36.1	44.4	49.3
Timber, lumber, pulp, and paper industry	4.7	8.9	6.7	6.6
Construction materials industry	3.1	2.4	4.7	4.8
Light industry	12.9	8.6	11.3	12.0
Food processing	21.5	8.2	7.3	6.7

Out of 83 key types of production, the output of 71 declined in January through September of this year, compared to the corresponding period of last year. The NVO Elektron reduced the volume of production considerably (by 36.8 percent), as well as the motor plant (by 33.3 percent), the Sambor Furniture Combine (by 33.6 percent), the VO Yuvelirprom (by 40.1 percent), the bus plant (by 37.5 percent), and the VO Lvivkhimilgospmash (by 51 percent). However, there are enterprises which ensured the growth of volumes: the VO Lvivprylad (by 39.8 percent), the Sokal Chemical Fiber Plant (by 43.5 percent), and the Chervonograd Garments and Notions Factory (by 73.3 percent).

As we look at the dynamics of volumes at enterprises with different ownership arrangements (the percentage of non-state enterprises has increased by a factor of four, to a level of 18.6 percent), we will note that, contrary to the idea ascertained by our press, state enterprises, especially those constituting municipal property, operated more effectively than collective enterprises or joint-stock companies (an increase in the volume of production by 2.2 percent, compared to a decline by 20.7 percent and 27.6 percent in the above groups, respectively).

Therefore, the greatest decline was allowed to occur at enterprises with nonstate ownership (collective and joint-stock enterprises), to which even the meager instruments of influence permitted by the Law "On Enterprises in the Ukrainian Soviet Socialist Republic" do not apply. Quite the opposite, enterprises constituting municipal property, over the appointment of whose managers the state administration has direct jurisdiction, achieved an insignificant increase in the level of production.

With the consent of the Municipal Property Fund of Ukraine, the signing of contracts with the managers of enterprises which are administered by the regional State Property Fund of Ukraine (whose book value is less than R500 million as of 1 July 1992) is coordinated with the oblast administration. However, despite their great number, their contribution to the total output of industrial production is insignificant.

The main functions of the state administration of the oblast are assistance to and coordination of the operation of enterprises with regard to compensating for relations severed as the unified all-Union complex fell apart, the greatest possible cooperation in production in Ukraine and the creation of an optimally closed national economy. This actually involves two aspects of work.

- a search within Ukraine and across its western border for possible suppliers to replace those mainly from Russia;
- the development of programs for switching to new production at enterprises for which the main market for sales used to be outside the borders of Ukraine, in the former Soviet republics. The following weightiest programs may be distinguished among them:
- the GalAvto program concerning the building of transportation and freight handling equipment which is aimed at switching chains of the oblast metal processing enterprises to the production of assemblies for the manufacturing of buses, forklifts, and truck cranes, their reasonable unification, the replacement of Russian suppliers, especially those of engines, with Ukrainian, and diversification in keeping with the requirements of new markets for the products manufactured;
- the program Ukrainian TV Set in which the Elektron joint-stock company and the LORTA [expansion not identified] are key enterprises (the program is particularly important for the latter enterprise from the point of view of its conversion);
- the all-Ukrainian program for the purpose of conversion, Ukraine—Household Electronic Equipment, for which the Lvov Scientific Research Institute PREA [expansion not identified] has been confirmed a key enterprise, along with the TsKB [Central Design Office] Mayak.

With a view to pooling conversion efforts, the Conversion West Ukraine Production and Commerce Association has been created, which most of the organizations with similar lines of business in the oblast joined.

- the program for upgrading the Drogobych Oil Refinery;
- the development program for the VO Kineskop with a view to ensuring a potential market in Ukraine;
- the program for changing production lines at the VO Lvivkhimsilmash and gearing its capacity toward meeting the needs of the Ukrainian market.

In the absence of the aforementioned coordination, a drop in production in the timber and wood processing industry, in which our own raw materials account for only 11 percent, would have been catastrophic, and the pulp and paper industry would have ground to a halt. As a result of the use of the sulfur resources of the oblast, direct contracts were signed for deliveries to the Zhidachev Pulp and Cardboard Combine and the Sokal Chemical Fiber Plant.

The state administration made considerable efforts to ensure the operation of the Drogobych Oil Refinery without disruptions, as a result of which, the population of the oblast did not experience such problems with fuel

as did the residents of other oblasts. At present, opportunities to increase our own oil production in order to meet the needs of the oblast are being analyzed.

Transportation

The emergency situation in the economy has even caused enterprises of all modes of transportation, which were profitable previously at all times, to be operating at a loss, and deprived transportation enterprises of the opportunity to replenish rolling stock.

As a result of this only 50 percent of railway cars and about 70 percent of motor vehicles meet the requirements of modern operation; in passenger transportation, almost 60 percent of taxicabs, one trolley bus in two, and one bus in five (based on actual condition, one bus in three) qualify for retirement. Most cars in commuter trains are in need of urgent replacement; the necessary number of diesel trains is not available. The pool of AN-24 planes is being operated on extended service life.

Almost 30 percent of public-use transportation and more than one-half of the motor vehicles which belong to agricultural enterprises have been used for more than eight years.

The poor technical condition of tracks and highways complicates operations considerably. Only 80 percent of rural localities have bus lines due to lack of roads.

In keeping with the law on local self-government, the coordination of planning and operations, and the establishment of control over the development and operation of transportation enterprises fall within the scope of the jurisdiction of the local organs of power as the masters of their territories. However, as the reporting period showed, many issues which should have been resolved locally were referred to the state administration of the oblast for consideration. This was primarily the case with the Lvov, Drogobych, and Sambor City Executive Committees as far as the organization of local bus routes was concerned.

Based on an analysis of an extremely difficult situation which has developed in the transportation sector, a number of directives of the representative of the president in Lvov Oblast have been issued: No. 3, dated 7 April 1992, "On Repairing the Runway at the Airport of 'Lvov,'" No. 340, dated 22 July 1992, "On Measures to Stabilize Passenger Transportation by Bus," No. 472, dated 31 August 1992, "On Harvesting, Transporting, and Processing Sugar Beets of the 1992 Harvest," No. 646, dated 16 October 1992, "On Regulating Fares in Taxicab Transportation."

Statewide programs for the development of a unified transportation system of Ukraine are being carried out: the development of border crossings (Sheginy, Rava-Russkaya, Nizhankovichi, Krakovets); international bus traffic (36 runs to the Republic of Poland); international

taxicab traffic (an agreement with the Polish side concerning 20 such runs has been achieved); and international railway traffic (an additional, locally made-up train No. 63/64 "Lvov-Przemysl" has been introduced).

Cooperation continued with the Kama Automotive Plant, the Gorkiy Automotive Plant, the imeni Likhachev Plant and other foreign companies on the issue of developing a chain of technical service stations. The chain of technical service stations of the AVTOZAZ [Zaporozhe Automotive Plant] in Lvov (23 Konyushynna Street) and road service have been expanded.

The demonopolization of transportation is proceeding. A state program for privatizing the transportation sector is being carried out. In particular, trucking enterprises of the oblast have been removed from the TVO [expansion not identified] Lvivavtotrans, and a separate TVO Lvivvantzavtotrans has been created. A number of enterprises with various forms of ownership have been prepared for working regular bus routes (the company Galintrans, the joint enterprise Mashintersan, the small enterprise Bukovina, and others). A system for converting the assets of passenger ATP's to joint stock operations is being developed in cooperation with the head of management at Lvov Technical University.

The management of three bus pools (in Chervonograd, Sambor, and Yavorov), a taxi pool and a truck pool (in Lvov) at the enterprises of the TVO Lvivavtotrans and the TVO Lvivvantzavtotrans has been reinforced.

All of these have influenced favorably the overall condition of the unified transportation system of the region, as we have succeeded in keeping the situation in transportation under control despite the general crisis in the economy. The decline in the haulage of freight has slowed down. Despite a reduction in the pool of means of transportation, the number of passengers carried by motor vehicles of the TVO Lvivavtotrans has dropped by only 0.8 percent, and the Lvov section of the railroad carried 16 percent passengers more than in the corresponding period of last year. The indicators are somewhat worse in the united aviation detachment; however, this is associated both with planned repairs and the consequences of a strike.

The social and natural shocks of the fall of this year also affected the overall status of meeting the targets for the operation of transportation enterprises of the oblast.

By now, the administration has prepared

- a draft directive, and has developed arrangements for putting in order the operation of departmental buses with a view to using them to meet territorial requisitions for passenger transportations;
- proposals to the Supreme Soviet of Ukraine concerning changes in arrangements for granting relief to the low-income strata of the population for using transportation, since at present one in every three passengers in the oblast travels free of charge or with

certain reductions, without any compensation being paid to motor vehicle enterprises by the state.

In February 1992 the Foreign Exchange Commercial Administration Ukrainian Railways was registered in Lvov, which will make it possible to put in order the foreign exchange revenues of the state treasury of Ukraine following the disintegration of the Ministry of Railways of the former USSR.

Communications

Direct telephone circuits to a new border crossing and customs post (Rava-Russkaya) and the main, key enterprises of the region have been set up (the Sokal Khimvolokno Plant, the Stebnik Potassium Plant, the Drogo-bych Truck Crane Plant; these efforts continue with regard to a number of plants). Automatic telephone exchange No. 21 for 10,000 numbers has been commissioned in the Sikhov development of Lvov.

A program for the upgrading and retrofitting of communications systems is being carried out at the Production Association Lvivvyvazok:

- AZTZ-7 electronic stands for automatic zonal communications have been put into operation (Zolochevskiy and Samborskiy RVZ [Rayon Communication Centers]);
- APP-80 automatic calling installations have been put into operation (Sambor RVZ and Chervonograd MVZ [City Communications Center]);
- ETK-KS-128 telegraph concentrators have been put into operation in Lvov;
- automatic radio calling centers for rural areas based on Dnipro-type equipment have been opened (Kamenka-Bugskaya RVZ);
- IKM-15 and IKM-30 transmission systems (with zones for 15 and 30 channels respectively) have been introduced;
- automated channels from the Lvov Long Distance Telephone Exchange have been hooked up at the Zolochevskiy and Samborskiy RVZ.

Work has been done to increase the capacity of the main line from the Lvov Long Distance Telephone Exchange to the center of communications in Brody through the network communications center (village of Vozniki); prior to upgrading, 1,920 channels for communications were in operation, after—3,600 channels. In the course of upgrading, 22 unmanned booster stations were built, and more than 60 units of equipment were assembled.

The radio relay communications line from Kiev to the space communications station Azimut (Zolochevskiy Rayon) has been upgraded; two new digital trunk lines with a capacity of 1,920 communication channels each

have been put into operation. To this end, seven parabolic antennas with waveguides have been installed on towers in the TVZM-6 zone, and 30 units of equipment have been assembled.

A joint German-Ukrainian enterprise is being established with a view to creating mobile and radio communications in the Lvov area.

The association Lvivzyazok has introduced new commercial services for customers in order to obtain additional funds for the development of communications in the region.

The pool of subscriber-users of the system of official communications (the small automatic telephone exchange) is being put in order.

Computerized informational databases with continuous program support have been created to ensure the operation of the regional and local state administrations.

Development prospects:

- preliminary negotiations have been held with the foreign companies Rentatel and Trian Corporation on the issues of building modern digital telephone exchanges and digital communications systems in Lvov and rayon centers;
- based on a review of the quality of operations of the means of electronic communications, proposals have been developed to reorganize the existing structure of the VO Lvivzyazok (a reorganization of the city VTEZ [expansion not identified] and direct subordination of TUSM-6);
- the laying of fiber-optic cable communication lines Zakhid has been prepared within the framework of the national program for the development of communications, and proposals have been made to connect these cable lines to the main lines of communications.

The Agro-industrial Complex

The operation of agricultural organs of the oblast and rayons has been aimed at implementing the provisions of the concept of the oblast soviet concerning the renewal of rural areas. Reform processes in the agro-industrial complex of the oblast have proceeded in two directions: the creation of commercial farms with new ownership arrangements using the facilities of former kolkhozes and sovkhozes and of collective enterprises in the processing and foodstuffs industries, and the creation of independent owner-operated farms.

Changes in the form of property have been effected through privatizing ownership of the means of production and land, their division into shares, and the assignment of a share to each working individual separately. This has given an impetus to the process of eliminating the alienation of rural residents from assets and creating conditions for freely withdrawing from any agricultural entity.

The following have been created through using the facilities of the former 486 kolkhozes and sovkhozes: 74 independent cooperatives which have bank accounts, 29 associations of cooperatives, 243 peasant farms, 52 joint-stock farms, 68 other economic formations (agro-companies, agrotading associations, state farms, and collective agricultural enterprises), and more than 600 owner-operated farms.

The assets of the former coffee factory (collective enterprise Halka) and the Lvov, Borislav, and Sambor Meat Packing Combines (people's enterprises) have been denationalized and transferred to labor collectives as their property.

The development of a program for further privatization is being completed. Its draft has been published in the oblast press.

Of course, we understand that this is merely the beginning of a great and laborious effort. Work is now being continued on structural changes at all levels, on the creation of conditions for new entities, and on the issues of providing incentives for the work of peasants. Processes which are underway in agricultural production could not but influence the standard of its operation. It should be noted at this point that the production of the output of crop farming has been successfully stabilized this year, despite changes in ownership arrangements which initially brought about a drop in production, a sharp deterioration in material and technical supply, a decrease in planted areas in the public sector, and unfavorable weather conditions.

The gross production of grain in the public sector will come to between 900,000 and 910,000 tonnes, or be at the level of last year, while areas planted decreased in one year alone by 45,000 hectares (6.4 percent), of which areas planted with grains and pulse crops—by 18,000 hectares, potatoes—by 3,300 hectares, vegetables—by 1,200 hectares, sugar beets—by 2,700 hectares, and fodder crops—by 14,000 hectares. Yields of 33.1 quintals per hectare were received, or 3 quintals more than in Ukraine, and 2 quintals more than in 1991. All rayons ensured the meeting of state requisitions for the sale of grain. The yield of sugar beets on the farms of the oblast is the highest among all oblasts, 294 quintals per hectare; it exceeds the average statistic for Ukraine by 90 quintals, or more than 30 percent, despite a drought which occurred in July and August.

We succeeded in increasing the production of potatoes by 22,000 tonnes, and sales by a factor of two, due to measures taken to protect potatoes against disease and pests. In addition, compounds were allocated for treating the potato crops planted by the population on an area of 82,000 hectares. This made it possible to supply the population of cities and industrial centers with potatoes.

The situation with the production of vegetables, primarily cabbages, is somewhat worse due to objective and subjective conditions. In view of this, sales of cabbages fell by almost 15,000 tonnes compared to last year.

Livestock breeding is supplied with 81 percent of the feed for the winter season, which is 4 percent less than in the previous year, despite a decrease in haying due to unfavorable weather conditions in June and damage inflicted by heavy showers and a storm on a considerable proportion of the areas planted in corn. On the whole, 19.3 quintals of feed units per conventional head of cattle have been procured, which is almost 3 quintals more than in Ukraine. Availability is better only in Lugansk and Ternopol Oblasts.

The stabilization of land cultivation was facilitated by a number of measures taken by the administrations of the oblast and rayons and agricultural organs. First of all, headquarters were set up in order to coordinate work, beginning with spring field work, which actually operate to this day. For each period of work, production training seminars have been held at farms during which technological issues were worked on. A number of directives were issued by the representative of the president, especially concerning potato and vegetable storage, harvesting and hauling of sugar beets, and holding fall fairs.

Great efforts were made to supply farms with mineral fertilizer and protective compounds. Some 21,000 tonnes of active ingredients worth R545 million were received in mineral fertilizer, the resource allocation being 125,000 tonnes. Some 80,000 tonnes (worth more than R200 million) were purchased under direct contracts with chemical industry enterprises.

We succeeded in resolving the issue of protecting plants against pests, diseases, and weeds. A total of 1,100 tonnes of chemicals have been purchased, of which, one-half under direct contracts, without resource support. Besides, highly effective imported chemicals worth \$6.5 million have been received through the AT Agrobiznes by way of barter.

There have been virtually no disruptions in the supply of fuel during the year. Some 185,000 tonnes of diesel fuel and 135,000 tonnes of gasoline have been shipped in through Belarus and Kaliningrad Oblast of Russia. Some 10,000 batteries and 70 tonnes of rayon pack thread have been procured through using the local resources of mineral fertilizer. The issue of potassium carbide, which has been imported from Poland and Romania, has been fully resolved.

The following were delivered directly to meet the needs of the oblast under contracts with the plants themselves, given the absence of deliveries of farm machinery and the necessary equipment: 532 tractors, 68 combine grain harvesters, 384 trucks, 112 silage harvesting combines, 104 hay stackers, 96 mowers, 102 utility vehicles, 190 milking machines for individual use, 50 refrigeration plants, 1,700 tonnes of water and gas pipes, and 300 pieces of other machinery and equipment. Spare parts for agricultural machinery worth 27 million coupons have been manufactured at the industrial enterprises of the city of Lvov.

More than 34 kilometers of different brands of cable, 15 kilometers of installer cables, 22 power transformers, and 84 electric motors were procured through decentralized purchases for electrification needs.

All of this made it possible to carry out agricultural work at an appropriate technological level, without disruption. The harvesting of late crops has been completed. Fall plowing is being completed. The processing of products, both directly on the farms and at processing enterprises, is taking place under more or less normal conditions.

A decrease in planted areas in the public sector, a low level of wages and a shortage of milkmaids, and the inadequacy of the processing sector for the changes that are taking place in agricultural production have brought about a slump in livestock breeding.

The herd of cattle on the farms of the oblast has dropped by 57,500, of hogs—by 36,000, sheep—by 9,000, and horses—by 3,400 head. As a result, it is envisaged to sell 120,000 tonnes of meat and 395,000 tonnes of milk this year, which will be, respectively, 9,000 and 148,000 tonnes less than state requisitions call for.

At the same time, the population of the oblast used only 70 percent of the meat sold to state stocks, which amounted to 39,000 tonnes, or 17,000 tonnes less than last year's level.

In addition to the low purchasing power of the population, the reason for this state of affairs is found in the unsatisfactory organization of trade in meat at the stores of the state trade sectors in the city of Lvov and industrial centers of the oblast.

At the same time, a directive of the representative of the president concerning the transfer of stores to meat processing enterprises for organizing continuous trade in meat products is not being carried out. By now, 57 stores out of 98 have been transferred, of which 25 stores out of 30 in Lvov have not been transferred.

This is bringing about a reduction in the procurement of slaughter cattle by meat packing combines from producers, and, at the same time, a reduction in the production of meat on collective and peasant farms and the mass slaughtering of low-weight young cattle by the peasants.

The consumption of milk is dropping due to the unsatisfactory organization of its procurement from the population.

At present, a problem is arising in augmenting the production of output. The output of crops in the public sector are at a critical level.

They may still support the existing level of output by using all factors of intensification, and with regard to some crops, there are opportunities to increase it. At the same time a reduction in these areas has brought about a sharp decline in the output of products which we will not be able to offset in the private sector, with the possible

exception of potatoes and, in part, vegetables. It is evident that the allocation of land for use by individuals should be curtailed for a period of time, restricting it to the amount of reserve land available as of now. It is necessary to stop cases of unauthorized seizure of land through the force of law. This primarily applies to scientific research establishments, strain testing stations, pedigree stock farms, and certified seed farms. After all, disruptions in the system of seed production and pedigree stock breeding may set us dozens of years back in terms of the level of production.

We should revise our attitude toward state requisitions. The practice of potato and vegetable procurement this year indicates that adjustments should be made. The state administration of the oblast should assume responsibility for supplying restricted-access establishments; cities and rayon executive committees should resolve the rest of the issues. As usual, control should be uniform.

At present, it is quite obvious that the style and methods of operation of procurement organizations are not in line with the changes which are taking place in agricultural production. Radical changes are needed. We should look for ways to integrate production, processing, and sales of agricultural products. The organization of producer-sponsored trade is one of such ways.

Owner-Operated Farms

Owner-operated farms, as one of the forms of multisectoral agriculture, began to emerge in the oblast after a resolution passed by a session of the oblast soviet. During this period of time 665 owner-operated farms have been registered in the oblast, with the area of land used amounting to 5,700 hectares. This year 328 farmers have received land. On average, there are 9 hectares of farmland per farm, of which 7.7 hectares are cultivated land.

At present, owner-operated farms have 328 tractors, 111 trucks, and 29 combine grain harvesters, and keep 190 horses.

As of 1 July of this year farmers kept 2,520 head of cattle, including 954 cows, 1,698 hogs, 439 sheep, and 11,000 poultry. Compared to 1 January 1992, the herd increased by a factor of two.

This year, [number illegible] tractors, 28 motor vehicles, seven combine grain harvesters, 60 plows, and other implements will be delivered to farmers on the basis of orders.

Next year there are plans to build for farmers nine residential buildings, 2.5 kilometers of roads, three power lines, and two drainage systems. Design documentation and cost estimates are available for all of the above. Credit has been extended in the amount of 64 million coupons.

Considerable efforts are underway to train cadres. In three years, 103 farmers have attended short courses; 76

people received on-the-job training in Poland. Relations have been established, and agreements have been signed for on-the-job training in Canada, Germany, Australia, and America. Five farmers are getting on-the-job training in Germany and two farmers in Canada. Last year 24 farmers received on-the-job training in Canada and Australia.

In 1991 a lyceum for farmers was opened at the Stryk Vocational School of Mechanization and Electrification.

Farmers are being trained at the Vyshnyanskiy Sovkhoz Vocational School and the Zolochiv Agricultural Vocational School with funds from the budget.

Investment. The Construction Complex

The overall economic crisis in Ukraine has struck a destructive blow at the construction complex, as evidenced by statistics concerning investment and construction activities in both the production and social spheres. The decreasing investment potential of industrial, transportation, power generating, and agricultural enterprises has complicated the processes of conversion, the modernization of technologies, and the boosting of the output of products, and, most importantly, has restricted and further delayed the natural self-induced economic development of both individual enterprises and entire industries.

If we add to these phenomena a corresponding decline in withholdings for budgets at all levels, their deficits, and restricted credit resources, the reasons for which it is impossible to meet deadlines for the implementation of social programs, even to a minimal degree, will become obvious. In 1991, the actual volume of capital investment in all production and nonproduction sectors came to R38 billion, whereas in 1992, the investment potential of the oblast, combining all sources of financing, fell by 61 percent and came to R15 billion, of this, state capital investment fell by 56 percent. Such investment restrictions on the whole brought about a decline of capital investment in the social sphere by 57 percent, including that for housing construction—by 52 percent (Ukraine—by 26.7 percent); construction of schools—by 37 percent (Ukraine—by 30 percent); construction of day care centers—by 77 percent (Ukraine—by 43 percent); construction of hospitals and polyclinics—by 30 percent (Ukraine—by 33 percent).

The Cabinet of Ministers of Ukraine allocated centralized capital investment from the state budget amounting to R1.1 billion in 1992 (2.4 percent of the volume of centralized capital investment in Ukraine). Our oblast ranks 16th on this indicator, despite the government being aware of the unsatisfactory condition of social infrastructure, the availability of housing, and peculiarities and conditions for farming on the territory of the oblast (the oblast ranks 25th in per capita availability of housing, and 24th in the availability of hospitals). There will be almost no decline in 1992 in the volume of completed housing (480,000 to 500,000 square meters), health care facilities, and schools, compared to 1991.

solely owing to prior accomplishments last year at ongoing construction projects. The commissioning of preschool facilities for children will decrease somewhat. Capital investment will not be used at a number of municipal facilities construction projects, especially in view of the absence of facilities to be worked on, for well-known reasons, at the construction sights of the Upper Bug Waterworks in Zolochivskiy Rayon and the water treatment facilities of the city of Lvov in Pustomytovskiy Rayon in 1992, too. It should be noted that, despite certain distortions in investment policy in the production sphere, capital investment will not be used, directly through the fault of the construction industry and customers, at the construction sights of three light industry plants in Skolevskiy, Yavorovskiy, and Nikolayevskiy Rayons, and the soft drinks plant of the VO Kolos in the city of Lvov. Failure to resolve the issue of financing on time and the unsatisfactory organization of work are the reasons for the slow pace of construction and assembly in the 10 months of this year at important construction sites, such as the Stebnik Potassium Plant (49 percent), the Drogobych Drill Bit Plant (45 percent), and the Lvov Picture Tube Plant (57 percent).

The crisis condition of the economy in the transition period is giving rise to paradoxical phenomena in state-wide and regional investment operations. Hyperinflation has brought about increasing prices for construction and assembly work by a factor of 27.9 (in Ukraine—by a factor of 28.3), and a 9-fold increase in the wages of construction workers, while the level of labor productivity remained unchanged.

A sharp increase in prices for technical equipment, machinery, and mechanisms, the scale of which has exceeded the growth of the cost of construction and assembly work, and their obsolescence, or in many cases outright unavailability on the market, encouraged producers to invest in projects in which the percentage of equipment is insignificant.

In 1990 and 1991, the percentage of technical equipment came to 41 percent on the average, whereas in 1992 it is only 4 percent. The corresponding share in the breakdown is taken up by the volume of construction work (1992—92 percent, compared to 45 percent in previous years). This unfavorable structural change in capital investment in favor of the growth of its passive component actually reduced its effectiveness to naught, and sharply impaired the potential for securing rapid socio-economic results through the reconstruction of enterprises and the modernization of production. In 1989 through 1991, 20-25 industrial facilities were being reconstructed or upgraded, whereas in 1992 only 9 are.

Prices and structural factors were responsible for a situation in which the contract market was filled with random orders and drafts while the volume of capital investment dropped sharply. Under the circumstances the construction industry, wishing to avoid mass unemployment this year, took advantage of the level contract market and signed numerous contracts for construction

without putting the facilities into operation. Construction and assembly work became unjustifiably extensive.

It should be stressed that the system of financing investment projects during 1992 has not only been unstable but has also truly snowballed. This became the reason for the still greater dispersal of capital investment. In conjunction with continuous uncertainty as to the volume of construction and assembly work and sources of financing in the first half of 1992, the contract market began to develop proportions for which there was no proper justification in many cases. As a result the volume of construction and assembly work performed in the 10 months of this year came to 99.7 percent of the corresponding period of last year, whereas the commissioning of fixed assets based on the results of the nine months came to 34 percent compared to the nine months of 1991.

It is necessary to note that at present there are absolutely no incentives to increase the volume of work for a majority of construction and assembly organizations. This situation is apparent in certain structural subdivisions of the territorial construction association Lvivbud, which allowed an 8.6-percent drop in volume to occur.

The absence of effective arrangements for the management of investment processes in industry in the region, a bacchanalian credit policy, especially of commercial banks, and the desire of the construction industry to preserve capacity at any price are creating yet another paradoxical situation whereby construction is being suspended at 95 sites in 1992 while construction is beginning at 18.

As of now the number of construction projects in industry remains at the level of 1989 (150 facilities), despite profound structural changes entailed by conversion and a drop in production in a number of industries.

Similar processes are underway in the social sphere as a consequence of the manifestation of high-handedness and populist concern about the people in the absence of any financial backing. Some 86 schools, 49 preschool facilities for children, 72 health care facilities, and 27 clubs are under construction, which R12 billion will be needed to complete.

On the whole, by the end of 1992 the volume of unfinished construction is expected to grow by R3 billion, and to come to R32 billion. Advance work toward normatives in the sphere of social construction projects is expected to decline, which will complicate the optimization of the 1993 commissioning program. Some R42 billion, which is the equivalent of three annual investment programs of the oblast in this year's prices, needs to be invested in order to transform unfinished construction into operating capacity and structures.

The economic situation, which is characterized by a substantial reduction of the investment potential of the state, oblast, and other, local budgets and a limited potential of industrial enterprises and credit resources,

requires a profound reform of investment operations on the basis of laws adopted by the Supreme Soviet of Ukraine in 1992.

The oblast administration has developed a package of documents concerning fundamental changes in the system of management of investment operations on the territory of the oblast.

We will outline only the principal aspects in view of the fact that the deputies have been familiarized with this package of documents.

First, arrangements have been worked out in the documents for exercising the right of local soviets to independently set directions for the allocation of investment, taking into account the fact that subsidies, supports, and other proceeds already are an integral part of local budgets at all levels.

Two documents will also be submitted to the oblast soviet for approval: investment support for the state program of Ukraine on the territory of the oblast, investment support for oblast programs. The summary plan of investment operations will be provided to the oblast soviet for your information in view of the fact that all of its components are approved by soviets at the relevant levels.

Therefore, in accordance with the law, base soviets will act as investors at construction projects in base territories. The exercise of this right, which provides an opportunity to independently select customers and contractors, makes them fully responsible, in keeping with contracts, for the status of construction, its financing, preparation of construction sites, and so on.

The soviets at base levels may embark on developing the aforementioned investment programs immediately after they adopt their budgets, determine the sources of other proceeds, and the oblast soviet passes a resolution on the oblast budget.

Second, with a view to curtailing the further dispersal of capital investment and furthering its effective use on the territory of the oblast, a uniform system for signing contracts on the basis of standard construction cycles and the payment of contract penalties for breach of contract, up to the limit of actual expenditures by participants in the investment process, regardless of the type of construction, sources of financing, and affiliation of investors will be introduced. An appropriate arrangement has been made in order to carry out this very important action.

Third, nobody will be able to assign customers or contractors administratively. These issues may only be resolved on a competitive basis, through investor or contractor bidding. Both the signing of contracts in keeping with standard construction cycles and the organization of construction bidding expand the construction of new facilities and those reactivated alike.

Fourth, the implementation of this reform calls for simultaneously taking privatization measures in the construction complex in keeping with the approved concept and according to schedule.

New Forms of Economic Operations

The existing small enterprises, limited liability companies, and cooperatives of the oblast do not yet adequately influence the consumer market through their manufacturing operations. Their products (work) account for a small percentage of total production and provision of services in the oblast. In the first half of this year this percentage came to 2.5 percent of the production of consumer goods, 5.7 percent of construction (contractor work), and 13.4 percent of consumer services to the populace.

As of 1 July 1992, 1,729 small enterprises (companies) out of 3,333 registered (51.9 percent), and 994 cooperatives out of 1,635 registered (60.8 percent) engaged in actual operations.

Compared to the first half of 1991, the number of small enterprises increased by 1,406, or by a factor of 5.4, and that of cooperatives declined by 759, of which 433 temporarily suspended their operations. This is associated with differences in the system of taxation of small enterprises and cooperatives.

Small enterprises and cooperatives of the oblast manufactured and sold products (work, services) worth R2.65 billion, of which small enterprises account for R2.097 million and cooperatives for R553 million.

The average number of personnel on the rolls of these economic structures came to 44,100, of which 29,000, or 65.8 percent, at small enterprises, and 15,100, or 34.2 percent, at cooperatives. Employees of small entities account for 4.4 percent of the total number of employees in the national economy. In addition, 9,700 part-time employees and 6,800 employees under contract agreements were used for work. Compared to the first half of 1991 the average number of personnel on the rolls increased by 4,700, or 11.9 percent, of which at small enterprises by 21,600, or by a factor of 3.9, whereas the number of employees in cooperatives decreased by 16,900, or 52.8 percent.

In the first half of 1992, small enterprises and cooperatives allocated R481.8 million for consumption, which amounts to 18 kopeks per R1 of products (services) sold. Out of the total amount of funds allocated for consumption, R466.3 million has been credited to pay wages.

The results of the financial and economic operations of these types of enterprises in January through June 1992 came to R298 million in profits, of which small enterprises generated R238 million, or 79.9 percent, and cooperatives R60 million, or 20.1 percent. Some enterprises and cooperatives turned a loss. These were small enterprises engaged in agriculture, those providing legal

services, as well as cooperatives providing passenger transportation services. Their total losses came to R1.3 million.

Since the beginning of the year four enterprises have switched to the leasing form of economic operations in industry; as of 1 October there were 35 such enterprises, or one out of every 9 or 10 enterprises of the sector, which produced 8 percent of the total volume of industrial output.

Construction organizations based on leasing performed work worth R2.3 billion, which amounts to 28 percent of the total volume.

In the third quarter the process of commercialization in the sphere of trade and services became more pronounced. About 1,300 trade and public catering enterprises and 600 enterprises providing consumer services to the population were commercialized.

The newly created entities of market infrastructure have not yet become duly effective. Three exchanges with 223 brokerage offices, with authorized capital of R25.4 million, operate in the oblast. In the nine months the exchanges held 65 trading sessions, at which contracts were signed for the sale of goods worth R66[one digit illegible].[one digit illegible] million, or, in total, only 0.5 percent of the offerings with volumes of R139.3 billion.

Trading sessions held by the Lvov Commodity and Stock Exchange were the most effective.

Despite acute shortages in the oblast, the percentage of contracts signed for metal and metal products remains low—0.2 percent, as well as those for timber and lumber—0.01 percent, consumer goods—0.5 percent, and fuel—0.9 percent.

Not a single contract was agreed upon, despite offers being made to sell securities in the amount of R291.5 million and services worth R180 million.

The main reason for the poor effectiveness of the trading sessions is found in the 75 percent tax on profits from brokerage operations, which shackles initiative and hinders the process of developing enterprise. High prices for products are an equally important influence.

Joint enterprises, as well as foreign economic operations by enterprises and organizations, have not produced the desired results.

During the nine months 42 joint enterprises in the oblast manufactured goods and rendered services worth R664.9 million, which were mainly sold in the local market.

In the third quarter, 53 enterprises and organizations in the oblast delivered goods for export. They exported to foreign markets products worth R3,119 million, or 2.7 percent of industrial output in the oblast.

The delivery of export goods for sale in freely convertible currencies came to R291.2 million, or 9.3 percent of all exports.

At present all of us, all residents of the oblast, are concerned about the issues of legal order, combating crime, and ensuring the safety of the wealth of the people.

In view of the status of the operational environment, the growth of crime, and the aggravation of the crime-inducing situation, the state administration of the oblast has paid continuous attention to the issues of the operation of law enforcement organs. The "Program for Urgent Measures To Step Up the Fight Against Crime and Protection of Public Order in 1992 and 1993" has been developed and approved in the oblast; the directive "On Measures To Step Up the Fight Against Crime and Defend the Rights and Legitimate Interests of Residents of Lvov Oblast" has been issued. These documents have become a legal foundation for restructuring the operation of the militia in the oblast.

The measures taken made it possible to somewhat improve the standard of work on ensuring legal order in the oblast on the whole, and to reduce the rate of growth of both crime in general and that covered by criminal investigations. The total crime rate in the oblast increased by 4.8 percent in the second quarter of this year, compared to the first quarter, whereas in the third quarter it fell by 5.7 percent compared to the second quarter. In the area of criminal investigations, these statistics came to plus 8.2 percent and minus 4.6 percent, respectively.

The dynamics of crime in Lvov have begun to exhibit a stable downward trend in conjunction with the tight operational and preventive efforts in the oblast seat. In the first quarter 2,331 crimes were committed, in the second quarter, 2,503, and in the third quarter, 2,370; in the area of criminal investigations these statistics come to 2,290, 2,254, and 2,213 crimes, respectively.

Despite considerable overload and quantitative and qualitative shortages of personnel, 996 more criminal cases (7,740 compared to 6,744) were completed in the 10 months of this year, compared to last year; the rate of solving those came to 49.4 percent (in 1991—46.5 percent). In the area of criminal investigations, 812 more cases were completed (5,444 compared to 4,526), the rate of solving amounting to 41.4 percent (in 1991—37.7 percent). Ninety-six more grave, not easily solved crimes were solved. [word illegible] more crimes associated with homicide were solved (the percentage of solved crimes—89.5 percent), grave bodily harm (66.7 percent), rape (83.0 percent), robbery (58 percent), and crimes (in the ZEFP [expansion not identified] area) (95.3 percent).

Twenty organized criminal groups which operated in Lvov and other oblasts were discovered. In the 10 months of 1992 a total of 5,149 crimes committed in the current year were solved, as well as 815 of those not solved in previous years.

Necessary organizational measures are being taken with a view to protecting the consumer market. Militia functionaries, together with customs, confiscated 82 tonnes of nonferrous metals and prevented 1,098 instances of illegal exports of goods worth R38.2 million.

During the time the Edict of the President of Ukraine "On Urgent Measures to Step Up the Fight Against Speculation and Illegal Trade Operations" has applied, the internal affairs organs have uncovered 853 cases of illegal trade operations; foodstuffs worth 720,000 coupons and manufactured goods worth 7.2 million coupons have been confiscated. During harvesting, 792 individuals stealing agricultural products were apprehended, and 61.5 tonnes of grain, vegetables, and fruits worth 797,400 coupons were confiscated and returned to farms. Compared to last year, two times more criminal cases were started by reason of instances of concealing goods from consumers and selling them from warehouses, storage facilities, stock rooms, and while in transit.

As you know, a commission of the Supreme Soviet of Ukraine worked in the oblast from 22 to 29 September. The commission made its findings regarding the operation of the militia in the Lvov area; organizational measures which are used by the UVS to stabilize the crime-inducing situation were found to be satisfactory. At the same time it was stated that substantial shortcomings in preventing and solving crimes and ensuring public order still occur at the level of city and rayon organs of internal affairs. For example, the Zolochiv and Sokal RVVS, in which 252 and 255 crimes in the area of criminal investigations were registered, operated under approximately similar conditions, whereas in Zolochiv, 119 crimes were solved, and in Sokal—147 crimes. In Nikolayevskiy Rayon, 323 crimes were registered, and in Pustomytovskiy Rayon—345 crimes; 199 and 143 crimes, respectively, were solved. In Turkovskiy and Mostiskiy Rayons, 143 and 148 crimes were committed, and 113 and 73 were solved. In Zaliznichnyy and Lychakivskiy Rayons of the city of Lvov, 1,350 and 1,366 crimes were committed, and 371 and 282 were solved.

Despite the steps taken, the operational situation in the oblast has not been stabilized. The crime-inducing situation has become exacerbated, which the whole increases tension in the oblast.

Crimes in the production sphere are inflicting great losses; the scope of speculation is growing; corruption is on the increase. Crime-inducing activities in the trade sector are particularly dangerous.

Organized crime in the oblast is growing; its manifestations transcend the framework of the region. Ties among criminal groups are growing stronger. Organized crime destabilizes the situation in the oblast through its activities. Drunkenness and drug addiction are increasing. Young people are increasingly drawn to a parasitic way of life.

Public entities have virtually withdrawn themselves from the fight against crime and preventive efforts.

All of this influences the moral and psychological environment in an extremely negative manner, makes citizens uncertain of their personal safety, and causes justified complaints.

With this in view, the state administration of the oblast directs the operation of the state administrations of rayons, local executive committees, the oblast UVS (I. Motrynets), the justice administration (H. Kostur), and the oblast court (V. Hosudarskyy) toward stepping up the struggle against mismanagement, encroachments upon the wealth of the people, bribery, crime, and speculation. The issues of legal order, reinforcement of the rule of law, and combating crime will continue to be the focus of attention in the work of the state administration of the oblast.

Esteemed deputies!

The statistical indicators of a slump are far from critical so far. However, in this instance it is not these indicators that determine the depth of the crisis. The greatest danger is in the nature, peculiarities, and scope of political and economic processes which have completely embraced our society and affected its deepest strata. The danger is found in the explosive growth of the pace and scope of destructive processes which exceed, by an order of magnitude, the pace and scope of constructive processes which put our society in order and stabilize it, ensure its vital functions, and guarantee security and progress. The fuzziness of the power structure, egregious miscalculations, and imperfect legislation have ushered in restless elements, an orgy of vulgar pecuniary interest, anarchy, and chaos. Was it really necessary to come to the edge of the abyss and feel the terrifying breath of hunger, cold, and combat at close quarters in order to reconsider? Was it necessary to forsake the most favorable initial conditions and scenarios for overcoming the crisis, the most favorable resources and potential, in order to finally throw up our hands? Why were we not capable of wisdom, organization, pragmatism, and finally, the instinct of self-preservation? By now, Messrs. deputies, the situation is such that no political principles or ideological biases will replace the irreversible logic of actions resulting from the condition of our economy. If we ignore self-destructive scenarios, only one scenario for salvation is possible—a system of emergency measures. It was presented by Prime Minister Leonid Kuchma. The state administration of the oblast supports these measures and is eagerly embarking on implementing them. We have an adequate package of regional programs for effective reforms in all sectors. With a view to implementing them, the vertical subordination of executive power and the personal responsibility of its functionaries should be restored promptly; the necessary control should be established, primarily over the state sector of the economy. The structure and delineation of the functions of government organs should be optimized; their effective operation and cooperation should be

ensured. We are ready for the closest possible constructive cooperation with the corps of deputies, and reputable political parties and organizations with a view to political stabilization in the region and the normalization of economic operations in the oblast.

The danger of losing our statehood should unite us.

Chairman of Supreme Council Chernobyl Commission on Official Mishandling of Relief Funds

93U 504324 Kiev, NEZAVISIMOST in Ukrainian
21 Nov 92 pp 1-2

[Speech by Volodymyr Yavorivskiy, chairman, Ukrainian Supreme Council Commission on the Chernobyl Catastrophe, "Homegrown Mafiosi Are Selling Out Ukraine"]

[Text] On Thursday, 19 November Volodymyr Yavorivskiy, chairman of the Supreme Council Commission on the Chernobyl Catastrophe, gave a speech at the evening session. We have published this speech below with some abridgements.

Esteemed Supreme Council!

We are building our own state, albeit laboriously, with our utmost efforts, and sometimes with tragic disillusionments. At the same time, however, there are some untouched-upon mistakes—mistakes that are conscious and intentional—which amid the present-day circumstances can be deemed anti-state.

Therefore, let us not remain silent while we are seated in this auditorium; we have been delegated to come here by a patient and taciturn people.

In December we shall report to you where the Chernobyl money—taken from the people's pockets—has been going; we will report on who has been restraining the people from the contaminated zones like nuclear hostages, and who has been appropriating the Chernobyl certificates for themselves. And, for the time being, they are still there.

Let me refresh your memory on some matters. At the time of the Masol government's formation Masyk swore to the commission and the session that we would defend the interests of the Chernobyl victims to the last breath and that he would bear this cross himself. We believed him and elected him. And, indeed, for several months he was active in the struggle against the Union government. On several occasions he essentially gained the upper hand over them, but afterwards

In January of this year the commissions came upon some documents regarding the following matters: First Vice Premier Masyk had set up a Chernobyl Fund with the blatant title "Ukraine—Chernobyl." The president of this Fund was Mr. Masyk, while his deputies were Hotovchits and Prister—leading officials of the Ministry for Chernobyl. Masyk issued directives to the Ministry

of Finance and the Ministry for Chernobyl, instructing them to funnel the state money into the account of this fund, whose statutes and by-laws indicate the following: Except for a few items, the assets of the fund are to be earmarked for the founders of the fund; items are to be sold to them on relief-type terms. And the following points are not specified in the statute: the confidentiality of the financial operations, the opening of stores, and the distribution of profits among them, as well as the exemption of the fund and its organizations from impost duties. In truth, the Chernobyl victims were being forgotten about. Our commission began an investigation and discovered 2 million remaining in the fund from certain "clever organizations", "Interbud-Recreation" from Odessa and the firm known as "Print" from Kiev, which had become unexpectedly generous for the first premier. I turned the materials concerning these matters over to the press, and the fund covered up the stolen items just as quickly as it had revealed them. Perhaps the procuracy would be so good as to inform us very soon where the money from the account of the "late" fund has gone off to. Could it simply be "in arrears" up to the present time?

Thus, we have enriched ourselves along the path of trial and error, but we have not aided the Chernobyl victims with any great and generous relief from Ukraine. We must render the nuclear-safe "sarcophagus" absolutely harmless. We rejected all the primitive types of projects proposed by the Union-level Ministry of the Nuclear Power Industry and came to the following conclusion: By means of a worldwide contest we could attract the world's engineering intellect and select the best variant for implementation. Thus the information blockade of Ukraine was broken through in the world press. "It is said that independent Ukraine is taking serious steps to eliminate the consequences of the Chernobyl catastrophe." So write the world's newspapers. This would be prestigious for wealthy firms, and governments are prepared to finance a significant portion of the operations involved. Based on the decisions of the Supreme Council, a Ukrainian government decree was prepared concerning the holding of such a contest. This was in December 1991. As was fit and proper, the Ministry for Chernobyl prepared the specifications for this contest. It formed an organizing committee and a jury. As usual, Masnyk was in charge of the entire process—as head of the organizing committee. Umanets was already the head of the jointly created concern for operating nuclear power stations, and he certainly has held back the shutting down of the Chernobyl AES. He has emphasized its modernization and safety, although accidents and unplanned stoppages in the reconstruction process have occurred one after another—one of which I myself witness when the SNBU [Ukrainian National Security Service] was shut down.

Meanwhile, however, on 17 January 1992 Masnyk sent a letter to Paris—specifically, to the directors of the BUIG [expansion not given] firm. And so the first vice-premier addressed a request to "Mr. BUIG," asking that Ukraine

be helped in building a hermetically sealed covering to encase Block No. 4. To be sure, his request had been preceded to Paris by two visits by Umanets, who had stayed there as the firm's guest. I emphasize the fact that these visits were paid for by the BUIG firm. The reply was not delayed long, and as early as 12 June a contract was signed in secret, specifying that the French firm BUIG would provide all the designs and carry out all the work necessary to make sure that the sarcophagus would be ecologically safe. "The present contract shall be exclusive. Moreover, the Client shall be obligated not to appoint any other entity or organization to perform the tasks assigned and specified in the present Contract." This document was signed by Umanets on behalf of Ukraine, and by Jacques Gaudren on behalf of the BUIG firm.

All these things were done secretly, already after the Cabinet of Ministers had issued Decree No. 94, dated 24 February 1992, regarding the holding of the international contest mentioned above. From the people's money collected as a result of the telephone marathon entitled "Call Chernobyl" we allocated the currency to the Ministry for Chernobyl for the purpose of conducting this contest. Umanets is a member of its jury and the organizing committee, and they disseminated the contest specifications throughout the world; they requested well-known firms to participate in it. The Ministry for Chernobyl prepared to present the contest, but the well-informed and wealthy engineering centers politely ridiculed Ukraine something like as follows: What kind of "geographical novice" is this—a state that signs an agreement with BUIG and then asks us to take part in some kind of contest? It is only now—after having investigated this matter—that I understand why, when the international contest was presented in Pushch-Voditsa, that there were only a few foreigners in the auditorium, and why jury member Umanets—flouting elementary ethics—actually announced BUIG as the winner of the contest, even though not all the participants had yet been issued the engineering specifications for the problem to be solved. First Vice Premier Masyk called upon the intellectual world to help satisfy Chernobyl's needs, but the representative of a British engineering firm—a person of Ukrainian background—demonstratively walked out of the auditorium.

At a meeting with Ukrainian citizens from Australia Plyushch called Ukraine a homely working girl whom nobody would want to marry. And who indeed would take her, Ivan Stepanovych, if you cruelly slander the members of our "family" in such a way? Who would put up with such a blow aimed at the authority of our state in the world? Who will now believe the truth of what you and I say about the scale of the Chernobyl tragedy? Who, in general, will talk seriously with us if, in other countries, they do not comprehend the viewpoint of this state? Are we going to shut Chernobyl down or "perfect" it? What will we do with our military nuclear potential? All those things that we accomplished in the referendum (a merit of our people), which have been done in the

international arena (another merit of our people), all this recoloring of items in blue and yellow will have been done in vain, if—behind our backs—people trade even in our grief. Suffer from them, O Ukraine, suffer!

And just for such abuses of their service positions and for compromising the state Masyk and Umanets should be punished. However, Masyk has already gone to Finland for the purpose of securing Ukraine's interests there, whereas Umanets has been elevated to the position of a committee head.

Guess at how much effort and force have expended by the Greens and by Rukh in order to render harmless the "military monster" of the Ministry of the Nuclear Power Industry, which has its hand around the throat of the Union. Having waited for the right moment, Umanets—right before your and my eyes—in November of this year fully restored this structure in Ukraine; he did this, moreover, in the absence of professionals at the Union level. He now has in his hands the economic activity, the operation, and the state administration of the entire nuclear cycle—from the ores to the distribution of the money earned from them. This has been done, moreover, not to reinforced or affirm a national energy program; there is no reliable structure for the safe operation of our primitive AES's. We have turned on more than one occasion to the president and to Fokin, saying—in effect—something like the following: Don't be in such a hurry to create this committee; and don't appoint Umanets as its head. It looks as though all our calls and appeals were in vain...the powers that be have turned most urgently to Umanets and his deeds.

But at least today listen to our voice, Leonid Danilovich. For tomorrow will be too late. In an unfortified Ukraine a closed, uncontrolled nuclear state will emerge with Umanets at its head. And our contest will be renewed. Only—in my opinion—it will be without Mr. Umanets as a member of the jury.

Ask the following question: Why are the operations concerned with executing our decision regarding the shutdown of the Chernobyl AES being carried out so unwillingly, so lazily, and so inconsistently? Masyk heads up the government's commission on this matter, and Umanets is his first deputy.

Masyk Answers Charges of Mishandling Chernobyl Funds

93UN04571 Kiev PRAVDA UKRAINY in Russian
24 Nov 92 p.3

[Statement by Konstantyn Ivanovych Masyk, deputy prime minister of Ukraine, in response to charges of mishandling Chernobyl funds brought by Volodymyr Yavoryvskyy, chairman of the provisional deputy commission on questions of the Chernobyl catastrophe: "Chernobyl Confrontation"]

[Text] On 20 November, Konstantyn Masyk, at his request, met with a correspondent of PRAVDA UKRAINY and made the following statement:

In his speech at a session of the Supreme Soviet, V.A. Yavoryvskyy, chairman of the provisional deputy commission for the investigation of the complex of events associated with the catastrophe of the Chernobyl AES [nuclear electric power station], accused several persons involved in the elimination of the aftereffects of the accident at the Chernobyl AES, including me as well, of committing a whole series of deliberate and premeditated actions and also grave errors that can be assessed frankly as antistate deeds. This kind of statement, made at such a high tribunal and in front of the whole Ukrainian nation, does great moral damage to me; it seriously undermines my political reputation and, naturally, it cannot remain unanswered. But emotion is a poor adviser. Therefore, I will not advance similar claims against Mr. Yavoryvskyy but will address the facts exclusively.

So, let us examine his statement concerning the "founding by Masyk of the fund with the imposing title of 'Ukraine-Chernobyl,' whose president became Masyk himself, and whose deputies are Gotovchyts and Pryster—the managers of Minchernobyl [Ministry of Chernobyl]." I will begin with the documents that show what relationship I really had with the aforementioned fund (correspondents of PRAVDA UKRAINY and KIYEVSKIYE VEDOMOSTI have familiarized themselves with them). I have an official letter in front of me that I received through employees of the Cabinet of Ministers from the Ministry of Chernobyl "Concerning the creation of the Ukraine-Chernobyl national fund, dated 4 December 1991. Citing the law of Ukraine on the legal regime of the territory exposed to radioactive contamination as a consequence of the Chernobyl catastrophe, which envisions the establishment of the credit-financial bank of Chernobyl in the system of the Bank of Ukraine, the authors—the Ministry of Chernobyl, the republican institute for training managers with the Cabinet of Ministers of Ukraine, the New Generation fund, the republican state commercial Industrial Bank, and the scientific production enterprise—thought that the most effective form of implementing this paragraph was the creation of an Ukraine-Chernobyl national fund structure, with the inclusion on its staff of the members of one or several leading banks of Ukraine. The letter submitted a set of basic documents, a principal diagram of the functioning of the fund, and a draft decree of the Cabinet of Ministers.

The employees of my staff, after acquainting themselves with this document, where there really was a paragraph on submitting state money to the fund, and, after studying the plan, which envisions a whole series of benefits for workers of the newly established association who did not even report to me, returned the letter for additional work—as one that was poorly prepared, groundless, and not cleared through other ministries and departments. The events unfolded further this way. Its

authors took the stated comments into account and submitted a second version, after which instructions went out under my signature on 31 January to the ministries of finance, economy, foreign economic relations, agriculture, justice; the state committee for communications; Ukraine automotive transport; and the Kiev City Soviet Executive Committee to examine this version and to provide their comments.

Now, let us turn to the next document. On 3 March, an answer arrived from the Ministry of Finance which formulated the general point of view of the ministries and departments listed above. I will quote two short excerpts from it: "As is well known, the Ministry of Chernobyl of Ukraine was established to implement the state policy for the liquidation of the aftereffects of the accident at the Chernobyl AES. The said ministry was charged with those tasks that plan to implement the fund...." And further: "Taking the aforementioned into account, we do not support the proposal of the Ministry of Chernobyl of Ukraine concerning the creation of a state Ukraine-Chernobyl national fund. Many public organizations are working on these questions."

Having received this kind of answer, I wrote a resolution: "To the Ministry of Chernobyl For Gotovchits. For information." That is, I agreed with the collective decision. And this was the end of it.

I do not understand in what way the initial documents, which really had a whole range of substantial shortcomings by virtue of which they were sent back for additional work, got to the commission, which is headed by V.A. Yavoryvskyy. Unfortunately, he did not take the trouble, as he should have, to study the question, he did not familiarize himself with the subsequent conclusion of the Cabinet of Ministers, from which it is apparent that the initial proposal was not adopted and, consequently, the Ukraine-Chernobyl fund was not even born. The Cabinet of Ministers, in my person, refused both to allocate money to it and to set it up at all. So it turns out that Mr. Yavoryvskyy came out with a political statement that is absolutely unsubstantiated and groundless.

Now, about my "presidency" in this absolutely nonexistent organization. Actually, in the first stage, when the concept of establishing a state fund emerged, the leaders of the Ministry of Chernobyl tried to convince me that, in their opinion, I should support it, so to say, with my name and position in the government. But I categorically refused. And then, G.A. Gotovchits, on his personal initiative, appealed to the leadership of the Cabinet of Ministers, and there his request was considered to be expedient. But, I emphasize, all of this was before the decision of the Cabinet of Ministers on the nonparticipation of the state in this enterprise, and before the document signed by me in March of this year.

I never in my life, and not for one minute, sat on this fund, and I never met even once with any one of its founders (except, of course, G.A. Gotovchits), and I have never even seen one of them. As for the assertion that

some money was expended from it for the support of families of the fund managers, it is absolutely baseless and is a lie from start to finish. Neither I nor Minister G.A. Gotovchits nor his first deputy, B.S. Pryster ever received even one kopek from the fund.

Now, as regards the Cover unit erected over the destroyed fourth block of the ChAES [Chernobyl nuclear electric power station] and with respect to the advantages which allegedly were granted beforehand to the French firm Buik, before the announcement of the international competition on the creation of an impenetrable Cover.

The Chernobyl "sarcophagus," which is well known in the whole world, was built under extremely difficult conditions. But this resulted in serious deviations from all existing norms. It is enough to say that the total area of breaks and joint damage in its roof amounted to more than 300 square meters as recently as a month ago. Thus, if it rains or snows in Chernobyl, this precipitation can also be observed inside the Cover. Today, more than 30 tonnes of radioactive dust have accumulated under the canopy of the sarcophagus and, given a collapse of the half-destroyed construction, the dust could be thrown outside. This is why I, the deputy prime minister who is responsible for the fate of the Cover, am faced with the task of finding a way of making it hermetic as soon as possible.

Unfortunately, even today, there are no technical solutions that have been completely well thought out and that provide an exhaustive answer about what to do with 20 million curies of radioactivity that are locked under the vaults of this structure, although there are more than enough hare-brained schemes. This is why we are compelled to appeal to the world community to draw the attention of all mankind to this problem.

In June of this year, I received the Minister of Industry of France in Kiev. There was a discussion at this meeting about rendering Ukraine humanitarian help in the treatment of wounds inflicted by the Chernobyl tragedy, and, in particular, about allocating 15 million francs to us for the development of projects for the hermeticization of the Cover.

In July, while I was in France, I met with Mr. de Sova, the minister of the economy and finance, and I succeeded in persuading him to help us with 15 million francs of humanitarian assistance, which would be designated for the development of a preliminary project (study in stages of the global technical tasks) of the Cover installation and the creation of a nuclear fuel repository. It was at that time that I met also with the managers of the Buik firm. And now I quote the document to which V.A. Yavoryvskyy referred in his speech at the session: "Dear Mr. Buik!"—it says, "To assist in the conduct of work, and also of worker conferences, we request that you organize an international group consisting of the best specialists, whose duty it will be to initiate an investigation of the concept of a hermetic jacket for the Cover installation...." Take notice, not the construction of a new Cover, but only research on the concept. Is there really any talk here to any degree about a contract with the Buik firm? This letter was written on 17 January 1992, the international competition was announced on 27 February, and its presentation was held only on 9 July. But what kind of bias can I be accused of?"

It is impossible to interpret Mr. Yavoryvskyy's speech in any other way than as an insult hurled after a person has left the room. All of this has already happened in our history. As is well known, the witch hunt did not lead the country to anything good. And, indeed, the popularity that is sought in such mean ways is usually not permanent. I would like to look into the eyes of Mr. Yavoryvskyy. But I will never offer my hand to him.

END OF

FICHE

DATE FILMED

5 Jan 1993

Tr